

EUROPEAN NEWS

Tax reform issue strains Austrian coalition further

BY JUDY DEMPSEY IN VIENNA

AUSTRIA'S Socialist-led coalition Government, already wrestling with the Waldheim affair, is locked in a bitter dispute over how the country's outdated tax system can be reformed.

OEVP is deeply against the idea. Many in the OEVP see the need for a *quellsteuer*, not just because it will modernise the tax system and instill a more incentive-oriented approach to the structure of the economy, but because it will raise a much needed Schöbn-Schöbn.

More than half the party's 700,000 voters belong to the Niederösterreich party organisation, whence Mr Mock himself comes.

Denmark warned over deficit

By Hilary Barnes in Copenhagen

DENMARK WILL be forced to seek assistance from the International Monetary Fund within the next five years unless it manages to achieve a substantial reduction in its current account deficit.

This prediction was made by the Nordic countries' executive director at the World Bank, Mr Ulrik Harthausen, himself a Dane.

Denmark needs to put its living standards back to where they were 10 years ago, he said in an interview with a Danish newspaper.

"The Danes must accept that either they will have a retreat of this kind imposed upon them within the next five years, or they must do something about it for them," he said.

Denmark has had a deficit on the current account of the balance of payments for each of the past 26 years and has built up a net foreign debt of about Dkr 275bn (\$42bn), some 40 per cent of the GDP.

Spain's embattled Communists find a leader in south

By Peter Bruce in Madrid

A DESPERATE search for someone to lead Spain's troubled Communist Party ended yesterday morning for a reluctant southerner who now has the thankless task of trying to establish a credible force to the left of the Socialist Government.

The Spanish Communist Party (PCE), probably the most effective national opposition during the Franco dictatorship, has since fallen on such hard times that it was forced to extend its annual congress at the weekend before persuading Mr Julio Anguita, 46, to become its general secretary.

In three days of high political theatre Mr Anguita insisted he was not available for the job - neither was anyone else - until the congress practically begged him to take it.

Mr Anguita has been possibly Spain's most successful Communist politician since General Franco died in 1975. He became mayor of Cordoba in 1979 and easily beat a left-wing rival for the job in 1983.

But the PCE, as part of a wider leftist grouping, won only 4.6 per cent of the national vote in 1986 and Mr Anguita's task will be hugely difficult.

Bulgaria to ease restrictions on travelling abroad

By Judy Dempsey

THE BULGARIAN authorities are proposing radical changes in passport regulations and a revision of the criminal code for those who stayed abroad illegally.

The idea is that Bulgarians will be allowed to retain their passports, which will be valid for five years. At the moment, anyone going abroad has to hand in the passport on returning home.

ministries and the passport office, more discretion in allocating hard currency for those who wish to travel to the West.

Bulgarians will be issued a passport. It still remains uncertain what becomes of the different types of passport. Bulgarians need separate passports depending on whether they want to travel to a Communist or to a Western country.

Lisbon-Washington talks to hang on payment for US bases

THE THORNY issue of how much the US should pay for its key air force base on the Azores is dominating talks when the Portuguese Prime Minister, Mr Anibal Cavaco Silva, travels to Washington today.

Portuguese officials said the visit three weeks ago to Lisbon by Mr Frank Carlucci, US Defence Secretary, had glossed over the dispute and that a formal revision of the base accord could still be requested.

But Portuguese officials later said that Mr Cavaco Silva, a centre-right Social Democrat, would press for guarantees of more money and perhaps suggest the accord be turned into a treaty legally obliging both sides to abide by its terms.

An agreement between friends should be drawn up in such a way as to make life easy, not difficult, for each partner," said Mr Joao Deu Pinheiro, the Portuguese foreign minister, who will accompany the prime minister during the three-day trip.

Lisbon is unhappy over Congressional cuts to what the US pays to lease the base at Lajes on the Portuguese-held islands. The long-established base is used as a strategic stopover and as a scour for the Atlantic Soviet submarines.

Spain last month reached an agreement with the US to renew a 35-year-old defence treaty under which Washington is to remove 72 F-18 aircraft from a base near Madrid.

Early talks over Belgian coalition 'encouraging'

MR JEAN-LUC Dehaene, the Flemish Christian Democrat, politician leading the search for a new Belgian government, said yesterday that he was encouraged by preliminary talks on forming a five-party coalition to end a 10-week political crisis.

He acknowledged that the still-unresolved language dispute which brought down Prime Minister Wilfried Martens' centre-right Government last autumn would not be tackled now.

The row, which centres on a French-speaking local official who refuses to take a test in Dutch - the official language of his commune - has aggravated broad areas of conflict between Belgium's language groups.

Mr Dehaene said that progress had been made in last week's talks.

Europe's grand design for 1992 promises problems in realisation

In a second article, Guy de Jonquieres continues his analysis of progress towards the unification of Europe's financial services

TO HARD-PRESSED European Community officials engaged in drafting a framework for a single market in financial services, the project sometimes seems like a journey into the unknown.

This disturbing scenario has already prompted renewed calls for a strengthening of the EMS and tighter co-ordination of national monetary policies.

agreement on an acceptable rate. As an Italian government official puts it: "We could simply not afford to lower our taxes to the same level as Luxembourg and still finance our budget deficit."

insider trading and company law. Though it has striven for compromise, the Commission has failed to satisfy everybody.

engaged in securities trading should continue to be controlled by the authorities in the countries where they operate.

pointless to pretend to ignore the problem. The Commission insists, none the less, that it is sticking to its guns. It accepts that there are many loose ends and ambiguities, but argues that they will be resolved either by the workings of market forces or by being tested in the courts.

The question goes to the heart of the complex uncertainties with which the Community is wrestling as it strives to meet its self-appointed deadline for completing the internal market by 1992.

There is also a dawning realisation that national fiscal disparities threaten to create equally serious distortions by diverting money to countries with the least onerous tax regimes. Indeed, this prospect has already induced institutions, such as mutual funds, to move into Luxembourg in preparation for 1992.

Just how well-founded some of these concerns prove to be will depend on progress in breaking down the barriers to cross-border trade in services. Here, much will turn on the effectiveness of the Commission's new doctrine of market integration.

Also running through the negotiations is a few outspoken, but equally powerful, concerns. As one EC government official puts it: "This whole thing isn't going to work unless we can assume that we can trust other countries' supervisors to observe the rules. Otherwise it's an impossible dream. Unfortunately, not all supervisors are of the same quality."

Many EC countries operate schemes, such as France's Loi Monory and Britain's Business Expansion Scheme, which discriminate in favour of designated categories of domestic investment. The Commission argues that these are technically illegal and will have to be abolished after 1992.

Further articles in this series will appear next week.

These worries may be overdone. France and Italy have already moved faster than required by the EC timetable to relax exchange controls without suffering any undue side-effects. The Commission also proposes (against West German objections) to allow some controls to be reimposed temporarily in the event of a sudden currency crisis.

On one side, mandatory reporting by banks to national tax authorities, would be cumbersome to enforce. On the other, a harmonised EC-wide withholding tax, faces two hurdles. The first hurdle is achieving the necessary unanimous

countries would thus be obliged to admit competing financial products and services from outside their borders, even if their own institutions were currently prohibited from offering them. The Commission's general aim is to encourage competition between national regulatory systems, on the argument that this will lead naturally to alignment at the level of the most liberal.

engaged in a range of specified activities, including securities transactions. It is due to be underpinned by agreements on harmonised bank capital and solvency ratios which are likely to parallel those planned by the Group of 10 central banks.

the Commission has already been persuaded to make one important exception to the general principle of "home country control". Anxious to underpin confidence in the London market after the stock market crash, the UK insisted that, for the foreseeable future, firms

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Vertical text on the right edge of the page, including 'Allocat', 'Third world', 'Missed out from the US', 'The Pa', 'Complex', and other fragments.

Jim Bodgener on dealing with the strains of debt servicing and high expansion Ankara takes action against economic drift

THE TURKISH Government is finally moving to check the economy's drift since the late November elections which returned Mr Turgut Ozal as prime minister for a second term. Bankers and businessmen are relieved, for this lack of direction resulted in a worrying run on the Turkish lira in late January on the country's unregulated foreign exchange markets.

Until an early February emergency package for the lira and the budget this week, the government seemed to have lost direction - out of keeping with the brisk pragmatism displayed by Mr Ozal and his team previously. Relaxed economic controls in the run up to the election had led to overspending, excessive domestic borrowing, a widening budget deficit, and a year-on-year inflation rate of between 60 and 65 per cent.

Matters came to a head in the run on the lira on Istanbul's Tahtakale markets - illicit but tolerated unregulated foreign exchange dealing. Popular mistrust of the lira and a flight into foreign exchange deposits in advance of an expected devaluation was fuelled by the abundance of cheap lira chasing ever scarcer foreign exchange resources.

The government's superficial dilatoriness concealed a fundamental debate in the recently formed Higher Planning Council on the choices between consolidation and continued high expansion. The economy grew by what many consider to be an overheated 6.8 per cent in 1987, and 8 per cent in 1988.

Close advisers to Mr Ozal such as Mr Adnan Kahveci, a minister of state, believe the past two years have demonstrated that the economy can withstand the strain imposed by high expansion at a time of exceptionally heavy debt servicing. Turkey has to repay about \$6.5bn in interest and principal this year - largely a legacy of reschedulings in the late 1970s and early 1980s.

Mr Kahveci believes that the

answer lies in a higher savings rate. He seeks the introduction of a mandatory savings scheme, whereby the state intercepts a percentage of individual salaries, and invests it in a mutual fund. "We have to instil the habit of saving in Turkish people," he says.

MINISTER PROMISES 'EUROPEAN STANDARDS' IN PRISONS

A TURKISH minister said yesterday that prisons would be brought up to European standards, writes Jim Bodgener in Ankara.

The promise by Mr Mahmut Oltan Sungurlu, the Justice Minister, follows a mass hunger strike last week by prisoners protesting against their treatment in Diyarbakir military jail.

The strike, which led to one prisoner's death and the hospitalisation of several others, threatened at one stage to spread.

Those in the other camp want an end to expansionary policies which they say have exacerbated inflation and balance of payments problems. A compromise target of a lower 5 per cent growth rate in 1988 indicates the argument has been resolved in their favour - for the time being, at least.

The government is aiming for export-driven growth, as opposed to the domestic demand explosion in 1986. Sales are expected to increase by around 25 per cent to \$12.3bn in 1988.

The corrective package of measures for the lira in early February set the scene for the budget and moves by the central bank to drain liquidity last week. The package's central feature was a temporary hike in deposit rates above inflation to 65 per cent. Businessmen earnestly hope it will be a temporary palliative, for if the rate remains for long, it could translate into borrowing costs for industry of more than 100 per cent annually.

After the budget, the central

bank moved to drain about TL650bn from money in circulation, which had hovered at about a record TL3 trillion since early autumn last year. It raised the mandatory proportion that banks must deposit with it of their deposit account reserves, from 14 to 16 per cent, and bank liquidity requirements.

In a mopping up operation on Friday, the central bank also tightened up liquidity loopholes in concessionary terms on credits to farmers and small businesses - politically sensitive, another indication of the government's determination to halt inflationary trends, say bankers.

The budget itself is a holding action, an attempt both to consolidate gains made during Mr Ozal's first term, and dampen growth. Spending on development projects will increase by 4.3 per cent, but few new major schemes will be initiated. Fresh investments by municipalities in particular will be curbed to forestall any extravagances before the local elections in the autumn.

However, projects where external financing is almost committed may go ahead, including a major highway project in Istanbul, part of a route including the proposed third

Bosphorus bridge and an underground crossing of the waterway. Mr Ozal himself will have to rule in the last resort on the fate of these schemes.

The lira crisis was another reminder of Turkey's perennial hard-currency, cash-flow problems. More than half of total Turkey's underlying creditworthiness is not in doubt in international institutions like the IMF and the World Bank. In the latter, the government is held up as model of financial rectitude in the face of its debt servicing burden. World Bank lending looks set to remain at the present level of \$1bn annually for the next five years.

When the next bi-annual debt servicing peak comes around in June, the government will probably be able to fall back on a \$300m World Bank loan for financial sector adjustment, in essence balance of payments lending in return for pledged reforms in the banking sector.

But whether the government will be successful in its attempts to persuade commercial institutions to move into the medium and long-term is another matter. A major balance of payments syndication on the Euromarkets now could meet with a cold shoulder. The progress in syndication of a three-year loan to the central bank valued at \$100m, and arranged by Bankers Trust International, is under close scrutiny.

The financial authorities nevertheless over the past two years have become increasingly sophisticated in the opportune placing of ever more complex borrowing instruments in the world's financial centres. Rescheduling - as opposed to restructuring - is anathema still to treasury and central bank officials.

"What the government needs right now is a large dollop of medium-term balance of payments support - around \$1bn," says an Istanbul-based banker. Foreign banks do not help by filling their books with more lucrative project funding and short-term trade financing, say Turkish officials.

Strikes hit public transport

By David Goodhart in Bonn

MUCH OF West Germany is being affected this week by a wave of public transport strikes called in support of a claim for shorter hours on behalf of 1.5m public sector employees.

The public service workers belong to the less fortunate half of the country's workforce which still does a 40 hour week. Their push below 40 is likely to create yet another irritant for the Bonn Government.

The unions are looking for a 5 per cent improvement in their members' terms of employment through a combination of pay rise and reduced working time. There have already been two inconclusive meetings with government negotiators and another is set for the end of the month.

The current "warning" strikes, directed at that meeting, will today hit the western part of the country and tomorrow the south and east. Such strikes were last seen in 1983.

If the public service workers - led by the main union the Transport and Public Service Workers - succeed in reducing working time, it will automatically apply to the 600,000 public service workers, police, teachers and civil servants.

West German trade surplus with EC soars

By Andrew Fisher in Bonn

WEST GERMANY'S trade surplus with the rest of the European Community rose sharply last year, more than offsetting a significant decline in its surplus with North America. Figures from the Federal Statistics Office show.

As already reported, the country's trade surplus reached a new record of DM117.5bn (£39.8bn) in 1987 compared with DM112.8bn the year before. Exports showed a marginal 0.1 per cent rise to DM527bn, while imports eased by 1 per cent to DM409.5bn. But, in volume terms, exports grew more slowly than imports.

A more detailed breakdown by the statistics office in Wiesbaden shows that the steep fall in the dollar against the D-Mark caused a considerable switch in the trade pattern in the US's favour, with the West German surplus down by nearly 15 per cent to DM24.3bn from DM28.5bn.

But the surplus with EC countries - these take just over half of West Germany's exports against nearly 10 per cent going to the US - advanced by 20 per cent to DM82bn (DM51.5bn). "Domestic demand in the rest of the EC has grown faster than in Germany itself," noted Mr William Ledward, European Economist with Merrill Lynch Capital Markets.

He expected the buoyancy of West Germany's neighbouring markets to continue offsetting the currency-induced fall in sales to the US. "Western European economies, in domestic terms, have done pretty well in 1987 and they will do pretty well in 1988," he added. Last year, West German exports to EC countries went up by 4 per cent to DM277.5bn.

Overall, exports grew in real or volume terms by 2.9 per cent, while imports were a real 5.4 per cent higher, after adjusting for price changes. In its latest monthly report, the Bundesbank thus commented: "The attempted gradual reduction of West Germany's foreign surpluses went a good way forward in 1987."

The central bank said the further rise in the trade surplus and the still high current account surplus - DM79.5bn compared with DM82.4bn in 1986 - entirely reflected the drop in import prices caused by currency changes and the corresponding improvement in the terms of trade.

Czech scandal reaches high up

BY LESLIE COLLITT IN BERLIN

A CORRUPTION scandal in Czechoslovakia, involving senior government and party officials who received whisky, furs and furniture in return for money and favours, has resulted in the dismissal of two high-ranking officials and reprimands for 11 others.

Mr General Jan Kovac was sacked as First Deputy Interior Minister and expelled from the party, together with Mr Stanislav Dusek, a high-ranking head in the Slovak Central Committee. Their expulsion was the result of "serious violations" of party statutes, the newspaper Rude Pravo reported.

The most prominent officials to be reprimanded were the Minister of General Engineering, Mr Ladislav Luhovy, and Mr Vladimir Janza, a Minister and Vice Chairman of the State Planning Commission.

The officials were the latest to be named in a corruption trial which led to the sentencing to 14 years in prison of Mr Stanislav Babinsky, the manager of a state wholesale com-

pany in the Slovak district of Dolni Kubin. He was found guilty of supplying officials up to 1985 with luxury food, furniture, furs and whisky, and of embezzling funds. Among the witnesses at the trial was Mr Bohuslav Chnoupek, the Czechoslovak Foreign Minister, whose Ministry received furniture from Mr Babinsky's company.

Other tantalising details emerging from the trial in Bratislava included helicopter hunting parties and the provision of female hostesses to officials.

The Czechoslovak party in recent months has spoken repeatedly of the need for higher moral standards. Corruption was rife under 76-year-old Mr Gustav Husak, who relinquished the party leadership last December, and who remains as President. His successor, Mr Milos Jakes, indicated that he would take a tougher line towards corrupt officials.

The sentencing and reprimanding of officials, however, was seen in Prague as an effort to cover up for even more senior party and government officials.

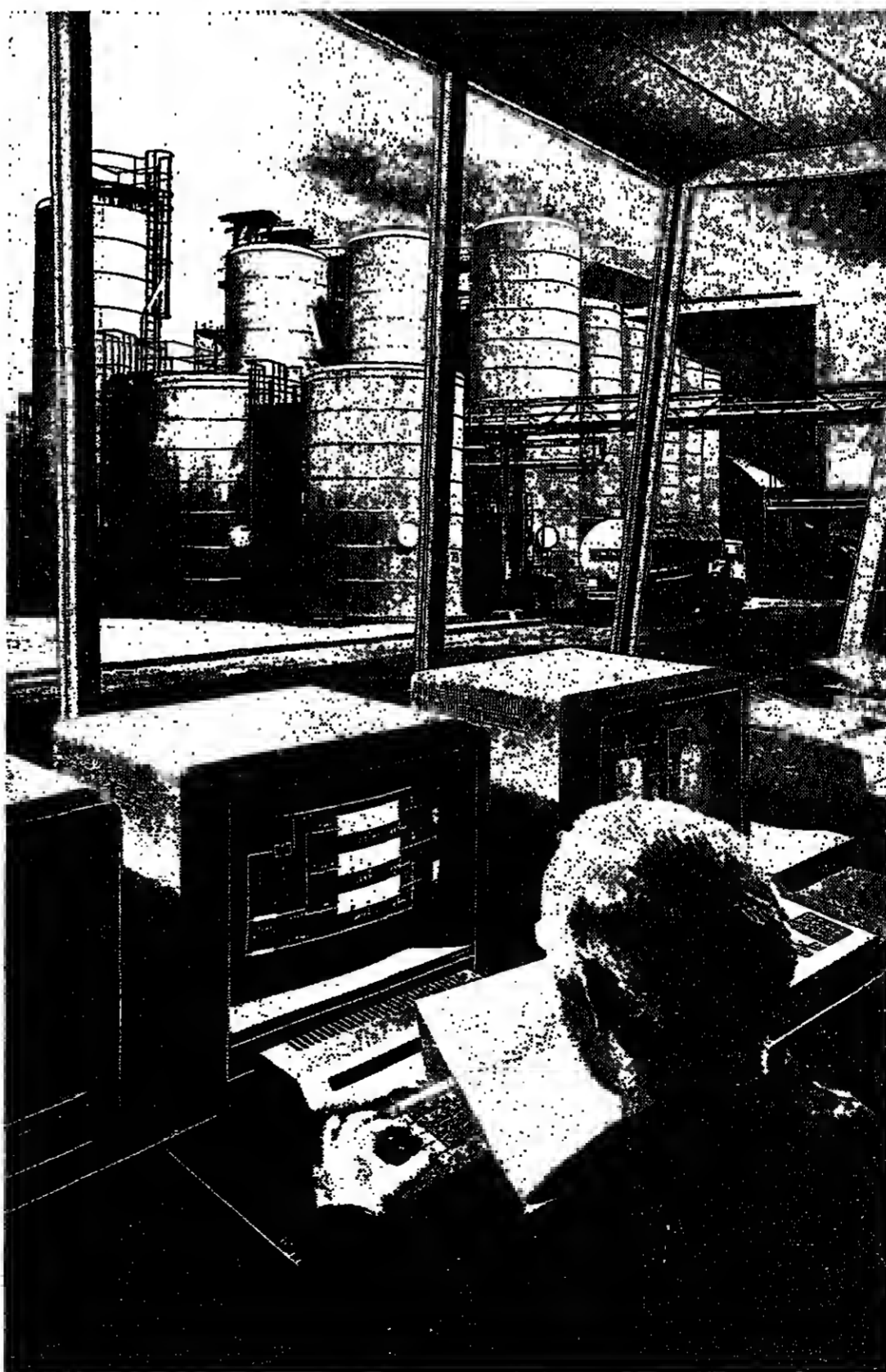
Among those reprimanded was Mr Jan Bakos, the deputy chairman of the Slovak planning commission, and Mr Jan Gonda, a former Slovak Deputy Minister of the Interior.

Mr Chnoupek, who has a serious heart ailment, is rumoured to be in line for retirement. Diplomats noted that the Interior Minister, Mr Vratislav Vajnar, was in Austria last week on an official visit, which normally would have been carried out by the Foreign Minister.

Rumours were also circulating in Prague that the Prime Minister, Mr Lubomir Strougal, might be relieved of his duties at a meeting of the Central Committee some time next month. Mr Strougal indicated in a recent interview that all the past leaders of Czechoslovakia had failed to introduce economic reforms and to modernise the ailing economy.

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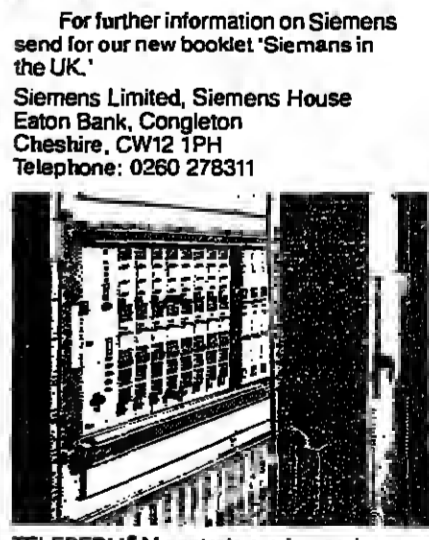
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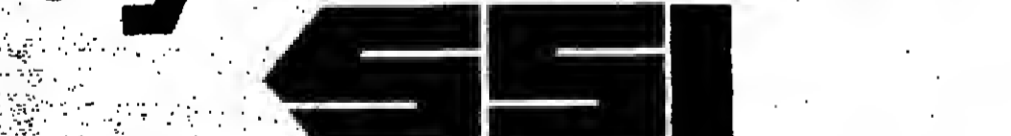
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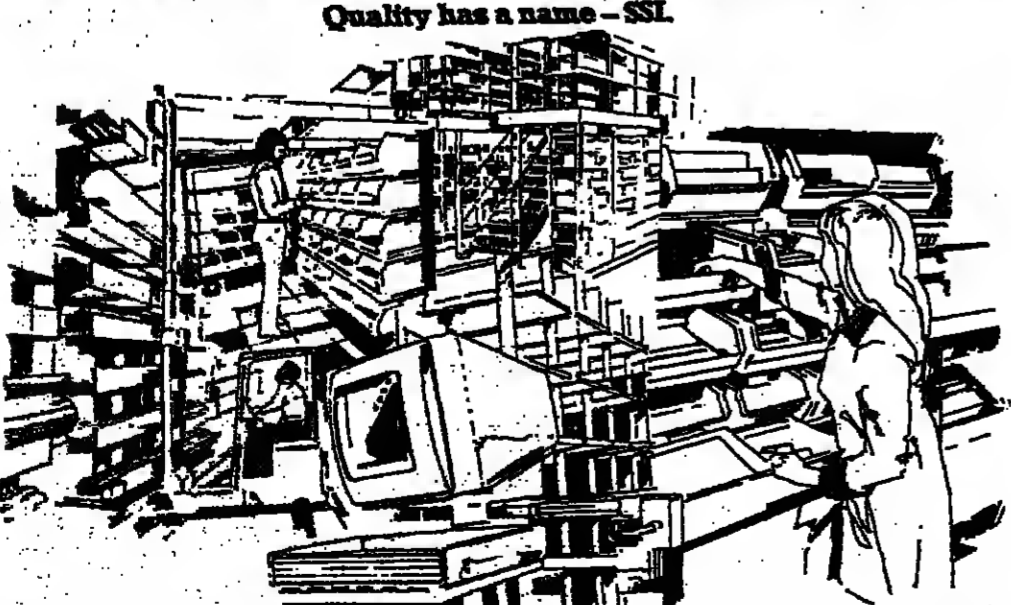
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OVERSEAS NEWS

South African jet shot down over Angola

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African defence force yesterday announced that an air force jet was shot down by Angolan ground fire during an air attack on Cuban and Angolan government Fapla forces in south-east Angola on Saturday afternoon.

The defence force ignored the denial and yesterday announced that its forces had mounted further revenge raids on Swapo bases near Ongiva over the weekend using long-range mortars to pound the advanced staging area for Swapo cross border raids into Namibia.

Pretoria aims to shave rate of inflation

By Jim Jones in Johannesburg

THE South African Reserve Bank has targeted a broadly-defined money supply growth rate of between 12 per cent and 16 per cent this year - consistent, it believes, with real economic growth of between 2.5 per cent and 3 per cent and a further shaving of the inflation rate.

Comrade Pu Jie is part of a plan to restore the status of the Manchu people, reports Robert Thomson

The Last Emperor's brother finds his role



The adolescent Pu Yi portrayed in the film The Last Emperor

IN A PEKING backstreet, flanked by a refrigerator repair yard and a flourishing vegetable market, the courtyard home of the man who might have been emperor is hidden behind a red door. Pu Jie, brother of Pu Yi, the last emperor, now considers himself to be nothing more than a "drop of water in a sea of 1bn Chinese."

away" as the old peasant saying goes. The sense of being a "small potato," of being an impotent observer, is as almost strong among the masses now as they watch the black Mercedes bearing party officials as it was for those who cleared the way for the sedan chairs of the emperor's retinue.

he is not a member of the party. He maintains that, "as an ordinary Chinese," the overwhelming virtues of the party are obvious. "The Party has adopted the correct line for the minorities like the Manchus. Now people understand that we are all Chinese, who has written a set of unpublished memoirs, needs to be consulted an academy. Zhao Zhan, of the national minorities council, Professor Zhao read The Last Emperor script and also considered that it was not necessarily true to history. He works to improve the status of Manchus, who were badly treated during the Cultural Revolution (1966-76), when Pu Jie came under the direct protection of the premier, Zhou Enlai.

Hostage demands spelled out

By Nora Boustany in Beirut

THE captors of Lt Col William Higgins, the US Marine abducted in southern Lebanon last week, have demanded Israeli withdrawal from all occupied territories as the price for his freedom.

Roh pledges democratic era

BY MAGGIE FORD IN SEOUL

MR ROH TAE WOO, President-elect of South Korea, yesterday promised to usher in a new democratic era when he was elected chairman of the ruling Democratic Justice Party three days before his presidential inauguration.

Games, he said. Mr Roh is expected next week to announce an amnesty for more than 7,000 prisoners, including 1,200 in jail for political reasons. His inauguration on Thursday is to be followed by a meeting with Mr Nobura Takeshita, Japanese Prime Minister.

His failure to replace any of the main ministers with new faces has attracted strong press criticism. Some observers believe, however, that a reshuffle may take place after the inauguration, as a sign that Mr Roh has fully taken charge.

Kenya poll system put to test

BY VICTOR MALLET IN NAIROBI

A CONTROVERSIAL pre-election system for candidates in Kenya's March general election was put to its first test yesterday when thousands of Kenyan party members queued in the middle sun beneath posters of their favourites.

The turnout for the queuing was low at least in Nairobi. The election campaign produces heated debate at the constituency level and has already been marked by stone-throwing and allegations of bribery. On Sunday a local official caused uproar by a church by grabbing a bishop's microphone during his sermon and telling him not to talk politics.

will be re-elected unopposed. In advance of the poll, however, Mr Moi has made considerable moves aimed at domestic and international opinion. He announced the release of nine detainees on the same day that he called the election and shunted aside Mr Justus ole Njiru, his hard-line security Minister, to the Ministry of Works.

NZ to pay off debt with Petro Corp proceeds

THE New Zealand Finance Minister, Mr Roger Douglas, said yesterday that all the NZ\$788m (\$305.1m) proceeds from the sale of the government's 70 per cent stake in Petroleum Corporation of New Zealand would be used to pay off overseas debt.

end of last September. There is also around NZ\$1bn of shorter term debt, the Finance Ministry said. Mr Douglas described the repayment as "a drop in the bucket" compared with the NZ\$21bn of overseas debt which the Labor Party government inherited when it came to power in 1984.

Mahathir chooses loyal leaders for new party

MALAYSIA'S Prime Minister Dr Mahathir Mohamad, who appears to have warded off challenges after his party was declared illegal, has dropped all rivals from the leadership of his new party, Berseber reports from Kuala Lumpur.

Tengku Razaleigh and former deputy Prime Minister Datuk Musa Hitam, were removed from the 34-member decision-making body. Dr Mahathir made his aides leaders. He said on Tuesday, when Umno Baru (New Umno) was accepted as head of Malaysia's 13-party ruling National Front coalition, that the criterion for membership admission was loyalty to the party.

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1. A holder of Notes and/or Bonds wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note, the Bond, or a valid voting certificate or valid voting certificate issued by a Paying Agent relative to the Note(s) or Bond(s), in respect of which he wishes to vote.

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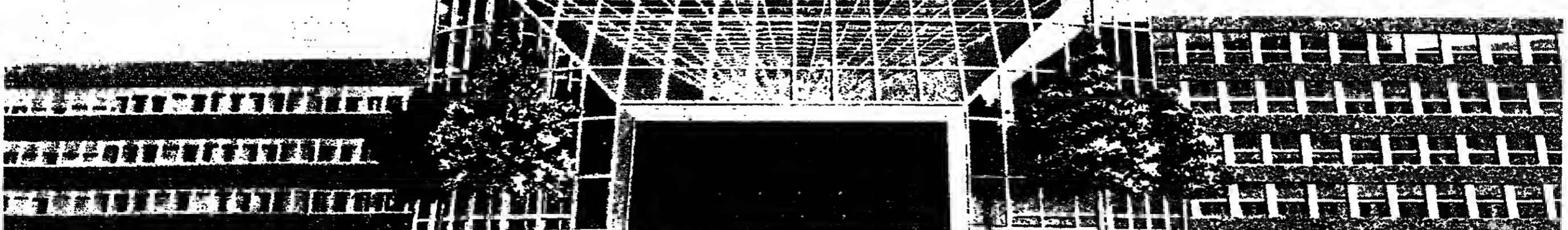
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AMERICAN NEWS

Dole faces severe test in Minnesota

BY STEWART FLEMING IN WASHINGTON
SENATOR Robert Dole, his Presidential campaign shaken by Vice President George Bush's victory in the New Hampshire primary, today faces a severe test of his ability to recover when voters in Minnesota and South Dakota begin to select delegates to their national conventions.

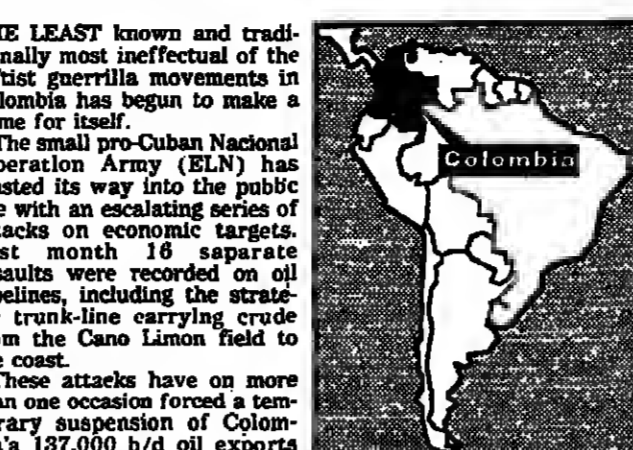
Argentina condemns UK military manoeuvres

BY TIM COONE IN BUENOS AIRES
ARGENTINA is likely to request an emergency debate in the UN Security Council on the forthcoming UK military manoeuvres in the Falkland Islands, following a condemnation resolution unanimously approved by the Argentine Congress last week.

Volcker warns on threat of recession

By Stewart Fleming in Washington
CONTINUED dependence on foreign borrowing to sustain America's economic expansion could lead to "financial chaos and economic recession," according to Mr Paul Volcker, the former chairman of the Federal Reserve Board.

Robert Graham, recently in Bogota, on violence side by side with prosperity Guerrillas fail to dent Colombian economy



THE LEAST known and traditionally most ineffectual of the leftist guerrilla movements in Colombia has begun to make a name for itself. The small pro-Cuban National Liberation Army (ELN) has blasted its way into the public eye with an escalating series of attacks on economic targets.



Virgilio Barco stretched total export earnings. Coffee production, situated round the central highland town of Manizales, has been affected neither by guerrilla violence nor by the coffee trade.

with capital intensive methods. Elsewhere, the drug barons have indulged their desire for respectability in large land purchases. Some of the finest estates in the Cali and Medellin areas are now drug financed, and policed by the mafia's henchmen.

Swaggart tries to minimise the damage

BY RODERICK ORAM IN NEW YORK
MR Jimmy Swaggart, the US television evangelist, is not alone in praying that his swift confession of his sexual sins will minimise the public damage to himself and his religious movement.

Reagan to hold press conference

PRESIDENT Reagan will hold a press conference tomorrow, his first since October 22, the White House announced yesterday. Reuter reports from Washington, it will take place on the 25th.

Panama Canal

IN the Financial Times of February 22 it was erroneously stated in an article on Panama that 60 per cent of US exports and US-bound trade passed through the Canal.

Export credit agencies 'face fall in demand'

BY PETER MONTAGNON, WORLD TRADE EDITOR
EXPORT credit agencies face a continuing decline in new medium-term credit business despite a generally more open attitude to the provision of cover, even for countries with a history of payments difficulties.

EC states in offer to boost Gatt talks

BY DAVID BUCHAN IN BRUSSELS
THE 12 European Community member-states yesterday agreed on an offer to scrap certain national import quotas to give a fresh boost to the current Gatt trade talks.

WORLD TRADE NEWS

Richard Gourlay looks at plans hampered by a severe shortage of foreign exchange Manila opens lines to telephone contracts

PHILIPPINE Long Distance Telephone, the telecommunications company, says eight equipment suppliers have submitted bids for a \$265m expansion contract, but it is proving difficult to finance because of the country's severe shortage of foreign exchange.

Telecommunications sector has been singled out as vital for development

Second, PLDT is trying to free funds for expansion by refinancing some of its \$500m of foreign debt - possibly more than \$200m - which is falling due in the next few years.

Foreign groups share in French phone operation

BRITISH, American, Belgian, Dutch and Italian companies are taking minority stakes in France's new cellular telephone operation, which is due to start operating next year.

Hermes reports higher than expected deficit

HERMES, the West German export credit guarantee office, has reported a higher-than-expected deficit for 1987 of about DM1,500m (\$500m) - nearly DM1,500m up on the previous year.

Fresh trade yardstick urged

BY WILLIAM DULLFORCE IN GENEVA
AUSTRALIA yesterday proposed a yardstick which it suggested could help nations make a broader attack on trade protectionism in Gatt's Uruguay Round.

Foreign groups share in French phone operation

BRITISH, American, Belgian, Dutch and Italian companies are taking minority stakes in France's new cellular telephone operation, which is due to start operating next year.

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All-out strike halts output at Land Rover

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

ALL PRODUCTION of Land Rover and Range Rover vehicles was at a standstill yesterday. The company's 6,000 hourly-paid employees at Solihull, in the Midlands, gave overwhelming support to the strike called from midnight by the plant's five unions over a two-year pay offer.

Land Rover acknowledged that only "a couple" of production workers had reported for work.

The company is offering a two-year pay deal which, it says, is worth 14 per cent that period. The unions say that figure is inflated by the consolidation of existing cash bonuses and is worth nearer 8 per cent in new money.

Until yesterday, Land Rover maintained that unions had exaggerated the level of support for the strike. It may now have to reassess that strategy, although yesterday the company would only say that no more money would be made available.

Mr Sam Robinson, chairman of the unions' joint negotiating committee, said: "All the time the management have taken the attitude that people didn't vote

for strike action in the ballot. This gives an indication of just how wrong they were." Mr Robinson said the workers were ready for a long strike if necessary, a claim supported by those on the picket line.

But the ball is in the management's court," Mr Robinson said. "We are ready to go into negotiations with them at any time as soon as they have a proposal to make."

As dawn broke yesterday 200 to 300 manual workers had gathered outside the plant's main gates in Lode Lane, Solihull, to discourage colleagues from clocking on for the 7.30am production shift.

The atmosphere was good-humoured rather than militant, and when the dearth of manual workers seeking to enter the plant threatened to make the pickets' persuasive powers redundant, they turned their attention to clerical and supervisory staff. Some appeared sympathetic to the manual workers' cause and earned loud applause by turning back.

The police presence during the morning was minimal, with the police largely restricting themselves to traffic control on surrounding roads.

Charles Leadbeater looks at mounting pressures as workers put the brakes on long-term settlements

Pay deals put motor industry through testing time

WITH the Ford manual workers' strike settled, Land Rover workers out from yesterday, and workers at Renault's truck plant planning action from Thursday, where do industrial relations in the motor industry stand, and what is coming down the track for the other companies?

Companies such as Jaguar, the profitable luxury car maker, Peugeot-Talbot, the cow, saloon car maker, and truck manufacturers such as Leyland-Daf, face different product markets, and thus different pressures in collective bargaining.

Nevertheless, there will be common themes, particularly the expectations of car workers, engendered by improvements in productivity and profitability, against the backdrop of a tightening labour market.

As Land Rover's 6,000 manual workers enter their second day on strike, managers at Renault Trucks in Dunstable seem to be preparing for an all out stoppage by about 700 manual workers from Thursday.

Like Land Rover, where the company says it has offered a two-year deal worth 14 per cent, which the workers say is worth 8 per cent in new money, the Renault dispute is simply about pay. The company has offered a 8 per cent rise, with a two-hour cut in the working week, which will be produced by a reorganisation of working time.

Land Rover made a profit of £7m in the first half of 1987, compared with £3m for the same of 1986. Renault made its first operating profit last year.

Leyland-Daf concluded a two-year deal in September 1987 and Iveco-Ford signed a two-year agreement in February this year.

A senior executive at Iveco-Ford said: "I thought pay pressure in the truck industry would be restrained by the continuing problems of over capacity, but perhaps the Renault dispute indicates that is not so."

Pay negotiations covering 8,700 manual workers at Vauxhall Motors, the UK volume car subsidiary of General Motors of the US, are expected to be completed on Friday. This follows a series of ballots at the main plants at Ellesmere Port and Luton, in which electricians have voted against the introduction of a revised pattern of maintenance shifts, production workers voted narrowly for strike action, and their colleagues at Ellesmere Port voted to accept the deal.

The negotiations have been tense and have taken much longer than the previous negotiations in 1985. The company dropped plans for individual performance related bonuses, and its original proposal for a three-year agreement.

Should agreement be reached on Friday it would be the company's second two-year agree-

GM/ISUZU JOINT VENTURE ADDS 500 JOBS FOR NEW SHIFT

ABOUT 500 new jobs are to be created at IBC Vehicles, the joint venture company formed by General Motors and Isuzu of Japan last year to save GM's Bedford panel vans plant at Luton from closure, John Griffiths writes.

The extra jobs, which will lift the total work force to 1,700, are for the introduction of a second shift aimed at increasing production to 34,000 units this year from 19,000 in 1987.

Of this total, some 14,000 units are intended for an export drive into 14 Euro-

pean countries announced by IBC yesterday. Previously, exports of the vans currently produced at Luton have been "nominal," according to Mr Nick Reilly, a former Vauxhall director who is now IBC's vice-president.

IBC's disclosure of its expansion plans represented a major turn-around in the fortunes of the plant, which until last October had been operated by Bedford Commercial Vehicles, a now-defunct wholly-owned GM subsidiary.

The Luton operations had been losing £4m a week,

despite investments totalling £70m over the previous three years.

Mr Reilly said yesterday that while IBC would not achieve an operating profit in its first year, "substantial progress" had already been made in reducing losses and IBC hoped to approach breakeven by the end of this year.

IBC is 60 per cent owned by GM and 40 per cent by Isuzu, the Japanese car and commercial vehicle producer in which GM has a stake of just over 40 per cent.

weeks. In October the company will come to an end of its third successive two-year agreement, with its trading losses cut.

The next agreement, covering 26,000 manual and 7,000 white collar workers is likely to introduce a single pay structure for all employees. This could pave the way for manual workers to press for shorter working hours.

The 1986 agreement, with basic pay increases of 3 per cent a year, improved productivity bonus earnings, and a quality bonus, has taken the basic pay of the average assembler to £179.81 a week. Bonuses average £30 a week.

Over the last year Jaguar, has lost less than an hour's production per employee through industrial action. The last two-year agreement, covering 9,000 manual workers, has taken the pay of the average assembler from £142 a week to £170.

Profits in 1986 were £120.5m, on turnover of £830m. The last major stoppage was a seven-day strike four years ago.

Nissan is due to conclude its next pay deal by January 1 next year, after a two-year deal signed last year, which improved basic pay by 7.5 per cent in 1988 and 5.5 per cent this year. The plant was set up with the most streamlined working practices.

Other than Peugeot-Talbot, Nissan is the only company to introduce monthly salaries for its production workers.

NatWest Securities executives resign

BY CLIVE WOLMAN

MR CHARLES VILLIERS and Mr Jonathan Cohen yesterday resigned as chairman and chief executive of County NatWest Securities, the securities subsidiary of National Westminster bank and one of the largest investment securities firms in the UK.

The resignations were submitted in response to mounting criticism and publicity in the media about the losses suffered by the bank's traded options department during the October stock market crash, partly as a result of the massive exposure of a few private investors who were allowed to trade through the bank and were not able to meet their debts.

However, Charles Green, NatWest deputy chief executive, denied last night that the resignations were in response to further suggestions published on Friday that the bank may have been in technical breach of a section of the Companies Act as a result of the arrangements it made for the undisclosed holding of a 9.5 per cent share stake in Blue Arrow, a corporate client.

"We already knew internally of the losses on our traded options but the publicity last week and build-up of press criticism did not help morale in what is a people organisation," Mr Green said. He added that the bank knew of the Trade and Industry Department inquiry into the Blue Arrow stake and it expected no such inquiry to be launched.

Mr Terry Green, a board director of both NatWest and its investment banking arm, has been appointed as a stopgap as head of the investment bank and securities arm. He retains responsibility for group business development.

Mr Villiers, aged 47, also resigned as chief executive of NatWest Investment Bank and Securities in London, marking the West board. He joined the last British investment bank in 1972, only a firm from this market. It said few years after it was set up, that the operation was "labour and was appointed chief executive in 1985."

Lex, Page 20

He had been an accountant with Arthur Andersen and worked in a venture capital firm. Mr Jonathan Cohen joined the bank in 1974 from S.G. Warburg and became chief executive of the securities arm in 1986 in the run-up to the Big Bang reforms of the Stock Exchange.

Their resignations were submitted after five days of informal discussions with other colleagues in the securities firm and in the main bank. Since the October crash, morale within the securities firm has suffered as a result of a series of revelations:

- A 26-year-old accountant, Mr Anil Gupta, was allowed to run up debts of more than £1m by trading in options through the bank.
- A 56-year-old Scottish farmer, Mr Alexander MacLennan, ran up debts of £3m, also by trading in options with the assistance of his son, a salesman with County NatWest.
- The bank disclosed that it suffered losses of £69m in the October crash, more than any other UK firm, primarily as a result of the stake taken in Blue Arrow, shortly before the crash.
- The Blue Arrow stake was acquired because of the poor response from investors to a large share issue made by the company to finance a US acquisition.
- Several key executives have been dismissed or have resigned as a result of the traded options losses and as part of the reorganisation following the acquisition of the securities firm Wood Mackenzie in January.

County NatWest also resigned as chief executive of American equities dealing operation in London, marking the departure of the last British investment bank in 1972, only a firm from this market. It said few years after it was set up, that the operation was "labour and was appointed chief executive in 1985."

Lex, Page 20

State 'should pay award'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

A COMMITTEE of backbench members of parliament yesterday urged the UK Government to commit itself to paying for this year's salary award for nurses. It is a special case, agreed in general increase in resources for the state-run National Health Service (NHS).

The Treasury and Civil Service Committee, in report on Government public spending plans, said additional cash could be made available for the NHS if the Treasury chose to allocate it.

The committee said the public spending target for the 1988/89 financial year, beginning in April, could be raised by between £1bn (£1.74bn) and £2bn while still ensuring that expenditure fell as a proportion of national income.

The report added that the Government should agree to pay for what ever salary increase it agreed to implement following the report of the nurses' pay review board in April. This would remove the "damaging uncertainty" facing health authorities.

Mr Terence Higgins, the committee chairman, said the cash to fund the award could be found from the Treasury's £3.5bn contingency reserve.

The committee also called on the Treasury to take account of higher-than-average inflation in sectors such as the health service in presenting its spending plans. Prices in the NHS traditionally rise faster than average, so the real value of infla-

tion-adjusted increases in the Government's plans overstate the actual increases.

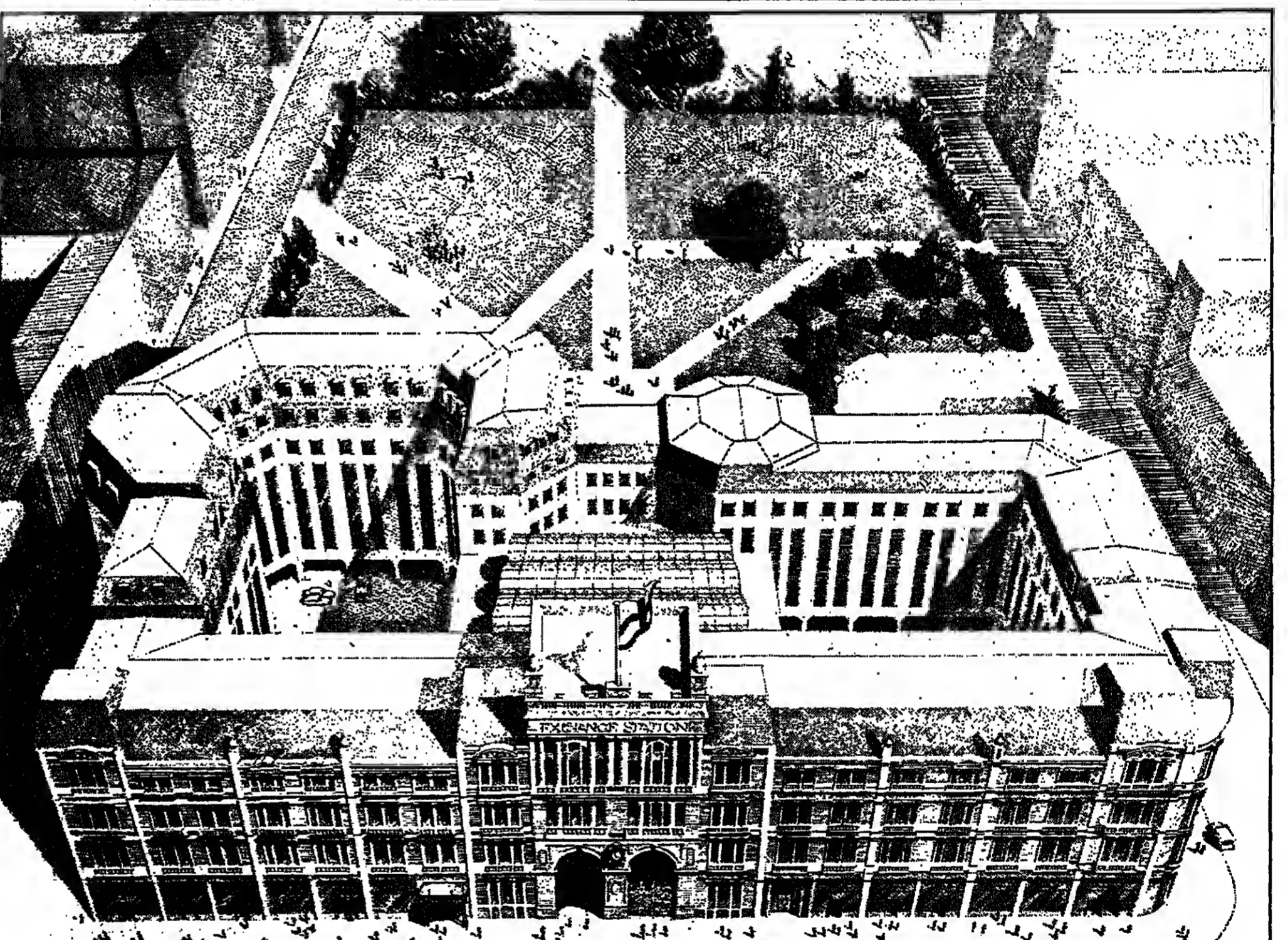
The report, however, fell short of demanding that the overall public spending target be raised after the committee, which has a Conservative majority, split along party lines. One Conservative, Mr Anthony Beaumont-Dark, agreed with opposition Labour MPs that more money should be made available to the NHS, but the remainder were opposed.

Mr Neil Hamilton described the NHS as a "leaking steam engine." Resources would be better allocated to tax cuts, particularly the top rates of income tax.

The committee is critical of the Government sets priorities for different programmes. "We are not convinced that the procedures currently followed enable the Cabinet to act in a cohesive way in setting expenditure priorities. A series of bilateral negotiations with individual ministers do not add up to collective decision making."

It also urges the Government to restructure the calendar for its major economic announcements to allow greater consultation with parliament before spending decisions are taken.

In particular, the Chancellor of the Exchequer's Autumn Economic Statement should include more information on spending, while each department should publish an annual report in the spring giving detailed financial information for the previous year.



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brought a breath of fresh air to the surrounding area.

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Mercury Court's success can be measured in other ways too. The restoration of the original neo-classical facade and the provision of a new landscaped square have

but flexible package which meets the needs of the most discerning tenants.

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UK NEWS

Unionists reject talks with Dublin

By Our Belfast Correspondent
ULSTER UNIONIST leaders Mr James Molyneux and the Rev Ian Paisley yesterday ruled out talks with Mr Charles Haughey, Irish Republic Prime Minister, until formal suspension of the Anglo-Irish agreement which gives Dublin a say in the affairs of the north.

Renewed calls for British voice in EC standards

BY PETER MONTAGNON, WORLD TRADE EDITOR
BRITISH INDUSTRY could lose out in the unified internal market planned by the EC for 1992 if it does not pay more attention to work under way to produce harmonised product standards, a senior Department of Trade and Industry official warned yesterday.



Lord Cockfield warning on internal market

Their resources were limited and they simply could not write all the standards which would be required. "For some time to come we will have to continue to rely on national standards where European standards are not available," he said.

Hard pressed US growers take on market interlopers

Bean farmers ride low in saddle

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

IN BAKED bean growers are feeling the drought, swamped by floods and frizzed by drought, they have seen their domination of the 1m-cann-a-day British market eroded by intruders.

the interlopers and contribute to a joint promotion to tell consumers that US beans are best. If the big seven processors take the bait, Mr John McGill of the Michigan Bean Shippers Association promises a further \$2m in 1989 to continue the promotion.

have taken the initiative in the hope that they can keep their transatlantic cargo vessels filled. They could lose valuable business if US farmers, mainly in Michigan, North Dakota and Minnesota, lose faith in the navy bean and switch to other crops which are less dependent on a single market.

Companies oppose DTI plan to set goodwill against profits

BY RICHARD WATERS

SEVERAL large companies are supporting a campaign to block a proposed change in the law which could reduce companies' reported profits.

Grand Met's campaign follows its acquisition last year of Hibernia, the Smirnoff vodka manufacturer. It wrote off \$180m of goodwill arising from the deal against its revaluation reserve - something it would not be able to do under the DTI's proposals.

a number of interrelated issues that should be considered together when looking at accounting for takeovers, rather than looking at goodwill in isolation.

Edinburgh heads list of 'most desirable' cities

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE MOST desirable British city in which to live is Edinburgh, according to an academic study. Next comes Aberdeen, after that Plymouth, then Cardiff, and completing the top five, Mutherswell, the industrial contribution to the south-east of Glasgow.

They put these attributes well above factors such as the climate (rated 48th out of 52 attributes), the cost and availability of housing, education facilities, employment prospects, wage levels, levels of unemployment and travel-work time.

Flow restrictions to be imposed after air miss

BY LYNTON MCILAIN

RESTRICTIONS on the flow of aircraft over Britain are to be imposed to maintain safety, air traffic controllers said today. Mr Chris Stock, the president of the Guild of Air Traffic Controllers, said the flow control restrictions were the "only tool left" to keep aircraft moving safely in crowded skies until the present system was improved and updated.

Clacton, the last radar beacon for the aircraft before it crossed the coast, the BCal flight crew observed a tri-jet about a mile away on a converging course at approximately the same altitude.

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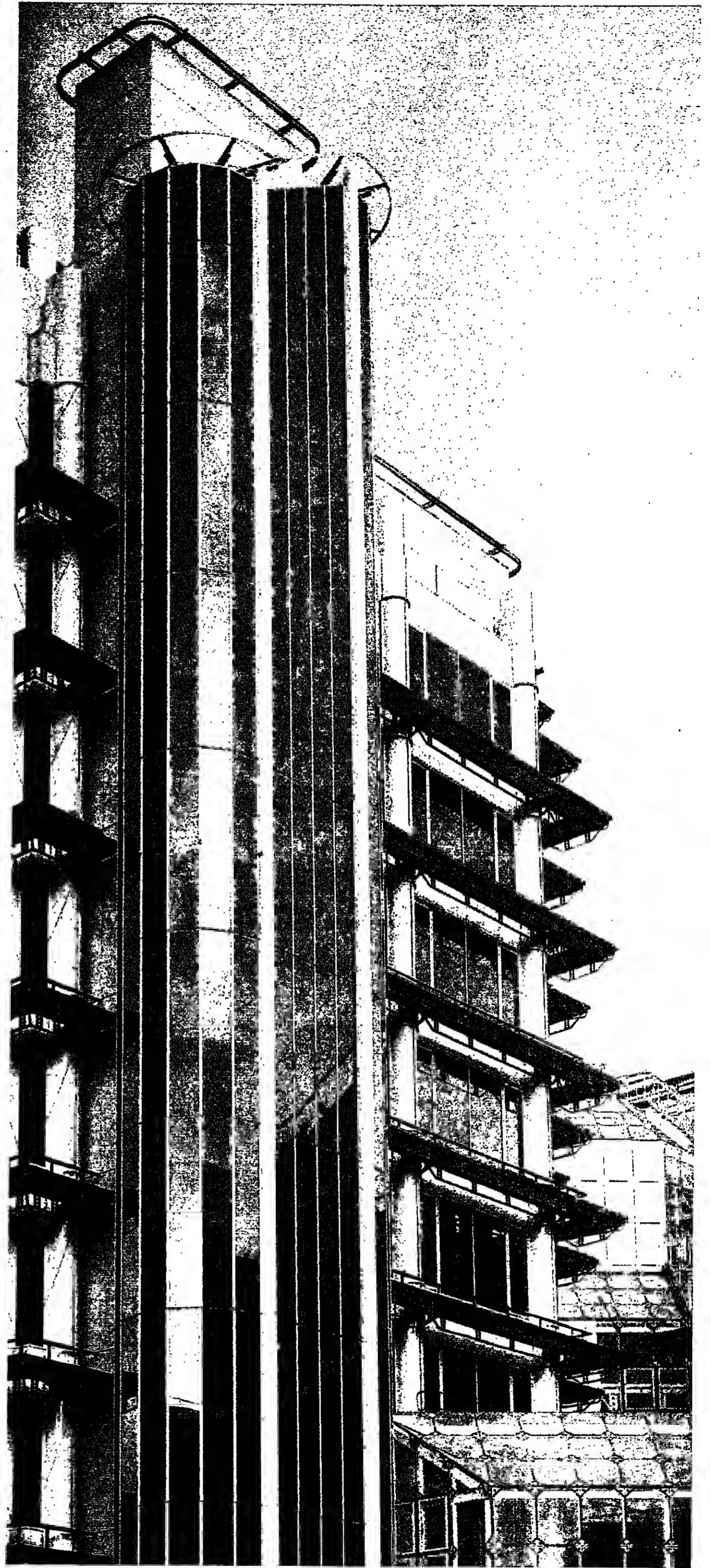
Steel-framed buildings are also strong and faster to erect, and British Steel now holds its biggest share in the high-rise market for 50 years.

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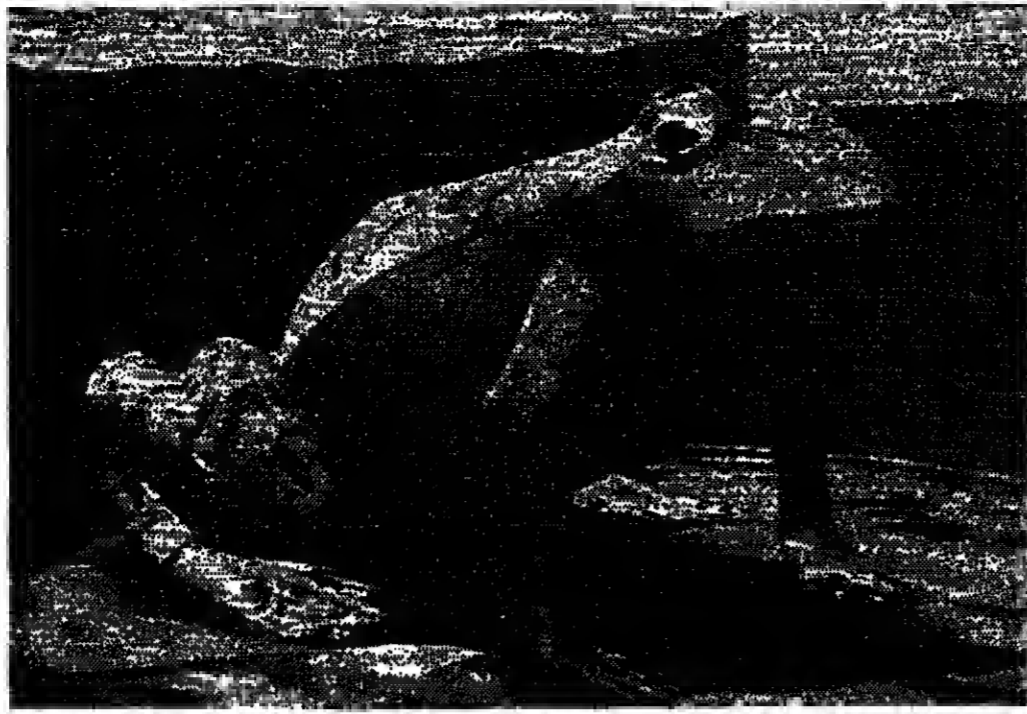
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TECHNOLOGY

Designing to extend the art of the possible

Paul Abrahams looks at the prospects for three-dimensional computer graphics in TV, advertising and scientific work



A frog to court the customer: this image of a creature that never was is a creation of computer graphics.

"GIVE ME the money and I can put my hand on my heart and make the physically impossible, possible," says David Jeffers, managing director of the Moving Picture Company, based in London's Soho.

His confidence in creating the impossible, or at least images of it, is based on major advances in computers which generate three-dimensional graphics.

Artists have only recently begun to get to grips with this form of simulated reality, but the technology is gaining ground rapidly and is set to have big implications for industries such as television, film, advertising, and marketing.

It is a trend that will accelerate as improvements in both computer hardware and software speed up the processes involved and bring down the previously high costs of this graphics art form.

At the recent Imagina international conference in Monte Carlo hosted by the French Institut National de l'Audiovisuel (INA) it was pointed out that the technology could also prove of value in scientific applications such as molecular modelling and fluid dynamics.

David English, manager of animation technology at Walt Disney Productions said: "The use of the written word as a means of mass communication dates back to the printing press. Word processors were only a continuation of that trend, but the impact of images is far greater than

words. Although computer graphics is only in its infancy, it will create a revolution in the way we think."

Behind this line of thinking lies a series of powerful computer and software systems such as ADO, Abekas A64, Mirage, Bosch, and Alias which have become available for artists to create illusionary images on video.

Among the most important of these machines is an electronic paint system called Paintbox, created by a British

company, Quantel. The system paints straight on to video tape and when combined with Quantel's "Harry" software it is possible to create digitised on-screen images.

The most visible examples of the use of such equipment have been on television. In Britain three-dimensional computer graphics have been used to generate advertisements such as an award-winning commercial for Access credit cards, a campaign designed and produced by the London-based design consultants Robinson Lambie-Nairn.

Another example is the current Daily Telegraph advertisement created by the Moving Picture Company.

Other applications of the technology include the presentation of weather forecasts on television, title and credit sequences for TV programmes and animated corporate identity logos such as that used by Channel Four television in Britain.

But the use of computer graphics has been held up by the failure of artists to get to grips with the technology. This was a theme that ran through the Imagina conference in Monte Carlo. However, Janine Langlois-Glandier, president of INA, argued that the impact of computer-generated graphics was likely to increase as artists increasingly became masters over their own machines. She said that the artists were seizing power from the technologists.

"The best results occur when the artist has direct access to the technology without the interface of a technologist," said Andrew Berend, founder and director of the London-based Computer Film Company.

"Until now, narration and exposition have been submerged in a sea of wizard techniques of which almost nothing has been of interest to the commercial world. We are beginning to see film-makers using the techniques intelligently and not using computer graphics for the sake of computer graphics."

Though artists appear to be mastering the techniques needed, the exploitation of the technology has so far also been held up by the costs involved. The computers are expensive both to purchase and run.

Peter Truckel, commercials director at the Moving Picture Company, explains: "Depending on the resolution it can take about 40 minutes to create a single frame. There are 25 frames for one second of actual video time. In practice,

it can take 24 hours of computer processing time to create a picture that lasts for a single second."

"The problem is the number of permutations. There are hundreds of thousands of pixels (picture elements) and the computer has to recalculate all points, in terms of light, shadow and colour of light as well as any animation and camera moves. It's no wonder it takes so long," said Truckel. However, he believes hardware improvements over the next year could allow the processing time to be halved and this would allow production costs to drop.

Software developments could also accelerate the creative process and save money. The Computer Film Company has pioneered a system through which, Andrew Berend claims, it is possible for the computer to render images automatically with an air-brush effect or to create textures looking like marble, reflections and metallics. The company's software can then overlay them digitally on to other images, repeating the process to create animation.

Not everyone in the industry is so bullish about a fall in the cost of generating the graphic images, however. David Jeffers of the Moving Picture Company says: "The process will be faster and quicker, but there will be an increase in sophistication which will trade off any cost benefits. We may be able to produce the images quicker, but we will want to create more sophisticated pictures."

There are also those who believe growth prospects for the 3-D graphics market have been overestimated. One such warning comes from Ian St John, managing director of Robinson Lambie-Nairn: "The leading edge of the industry will always want to extend the capacity of the equipment. Although the processes may become cheaper I'm not sure that there is sufficient artistic talent and imagination in the UK to use the technology effectively. There are very few people like Leonardo da Vinci - who are both engineer and artist."

WORTH WATCHING Edited by Geoffrey Charlish

Ford takes Ingersoll line on flexibility

INGERSOLL BOEL, the West German subsidiary of the US-owned Ingersoll group, is to provide a flexible manufacturing system (FMS) to Ford's Cologne plant. The DM15m (£5m) system will machine the tooling for aluminium die-casting of engine and transmission components.

FMS allows rapid changes of manufactured product without stopping the line. Ford expects a 90 per cent time saving on die machining and a 36 per cent tool component cost reduction.

Eventually the FMS will make 70 per cent of the company's die-casting tools. Some 600 different designs are involved within a maximum size of 650mm x 650mm x 480mm. The overall requirement is 120,000 tools a year.

The FMS will contain three spark discharge machining units, a washing system and tool storage and setting facilities. At the moment there are 26 separate machine tools.

Workpiece and tool movement between the machines will be by means of a pair of automatically guided vehicles. The software controlling the FMS will run on a Digital Equipment Corporation computer, working into Siemens and Ingersoll machine controllers.

Frequently used fonts can be stored for future use. A version of the software at £2,450 allows proportionally spaced printed text to be tackled and enables the user to choose areas of the scanned text on the screen before capturing them for use in desk-top publishing software like Pagemaker or Ventura.

Page scanners from Hewlett Packard, Microtek, Canon, Ricoh and Agfa can be connected.

PC stations make the mainline connection

NECTAR Electronics, a small British company of Houghton-le-Spring, Tyne and Wear, has developed a system which allows IBM XT, AT and PS-2 personal computers to be interconnected within a building. The product, called Powerlan, uses mains electricity wiring and costs £400 per machine.

Ray Broadbridge, managing director of Nectar, says that although conventional local area network costs may at first sight amount to perhaps £200 per computer for the plug-in board plus cable at £1 per metre, the real cost lies in laying the cable and is a great deal higher. The advantage of using the electric wiring is that any mains socket is also a data socket.

Broadbridge says that the problems of isolating the computers and their signals from the voltage on the mains cable have been overcome.

He says the product can handle data at up to 56,000 bits per second for 1m days, with no errors. The product complies with existing and proposed legislation and can be used in a wide range of buildings.

French direct text into IBM memory

TEXT-READING software, written by French company ISIC and for use on the IBM personal computer (PC), is available in the UK through John Libbey Computer Systems of London. The software, called Antoread Windows, is aimed at desk-top publishing applications and enables existing documents to be entered into the PC without rekeying the information.

The basic software costs £650 and will deal with the fixed pitch characters found in typewriter text for example. The software will learn any font after the user has spent a few minutes "teaching" the system from the PC keyboard.

experimental devices developed so far. But it can store only 1000 bits of digital data, a small fraction of the memory already available on other chips.

Josephson junctions have interested researchers in the world's major electronic laboratories for 20 years because they are hundreds of times faster than today's memory chips.

However, the technology is difficult and costly, and in 1983 IBM in the US sharply reduced its research effort, believing that other technologies offered more promise. NEC has yet to reveal when its devices will be commercially available in volume.

Computers built with such devices would be much faster and more powerful than today's machines. The access time of the NEC chip is 570 trillionths (million millionths) of a second. Present memory chips have access times measured in billionths (thousand millionths) of a second.

The six millimetre square chip consumes 13 milliwatts (thousandths of a watt) of power.

Japanese posters the talk of the town

SOON IT may be rather difficult to walk past a poster in a public place and ignore it, because Tokyo-based company Hakuto has devised posters that talk. The idea is "to attract attention, emphasise selling points and generally improve the chances of product identification."

The Talkposter, board, on which a poster is mounted, can measure up to 32 x 64 inches. Behind it, operating through a small hole, is a sensor which detects anyone in the vicinity.

A memory chip contains a digitised recording of the message which can be up to 16 seconds long. The poster unit has an integral microphone for recording the message and a loudspeaker, of which the volume can be adjusted to suit the locality.

CONTACTS: Ingersoll UK office, 0689 59441, John Libbey Computer Systems, London, 020 2886 2886, Nectar Electronics UK, 0191 466, NEC, London office, 093 8111, Hakuto: UK office, 0682 78000.

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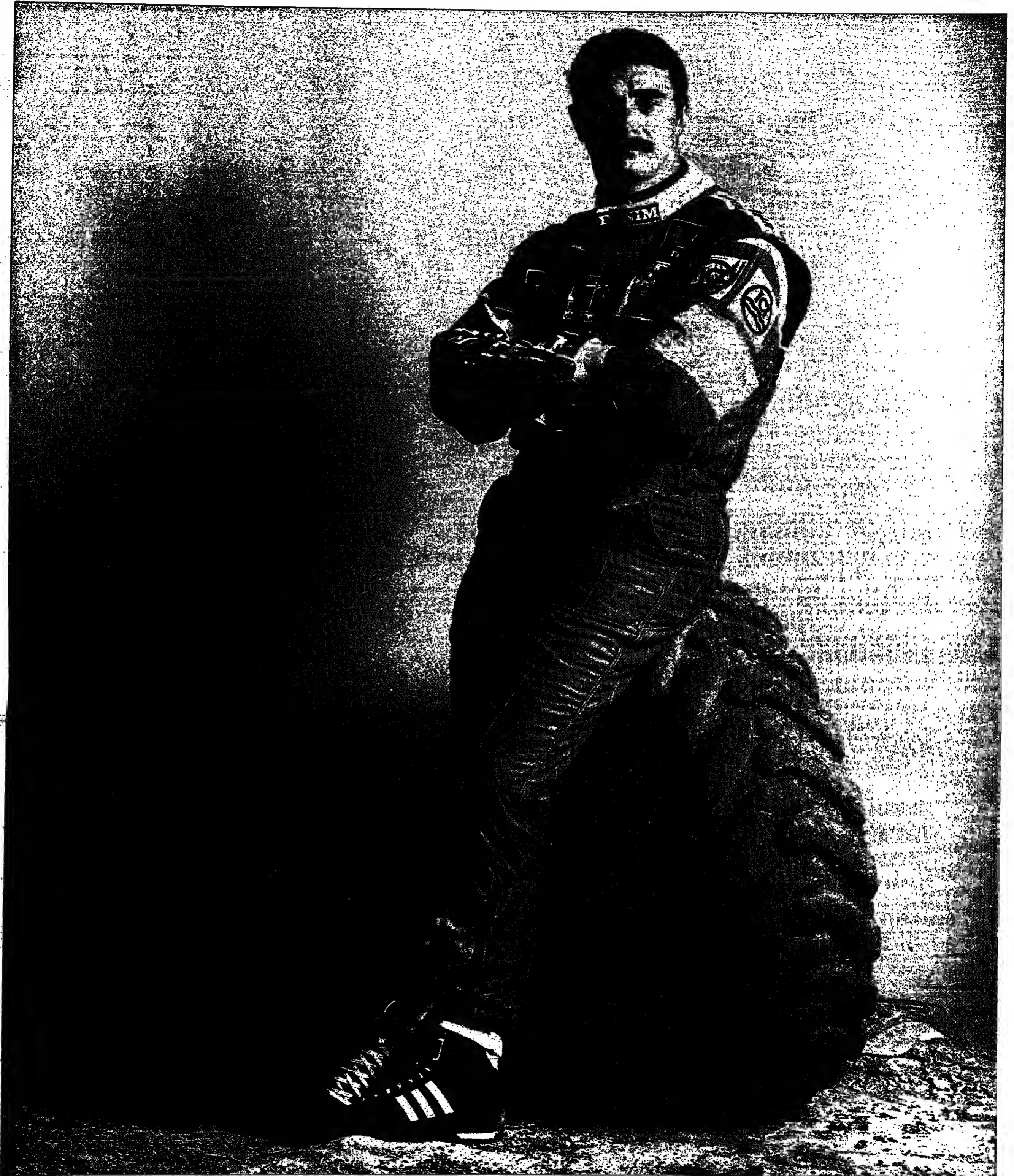
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سكرا من الالهي



Quick thinker

Over the last two years Nigel Mansell has won more races than any other Formula One Grand Prix driver.

Won most but possibly lost more. Capricious fortunes still keep the drivers' championship from him.

Those with poorer mental resources than Mansell would've been tempted to abandon one of the hardest, least forgiving sports in the world.

But his conversation reveals an enviable balanced outlook.

As he says, 'The more you've achieved, the more philosophical you get. I'm out to win, but there's more to life than hurtling round the track at 200 m.p.h.'

His criteria for success are equally well thought out: 'You've got to be talented, you've got to survive, you've got to be professional, you've got to crack it.'

Mansell's mental discipline shouldn't surprise anyone. It's what makes him an outstandingly successful man rather than just a brilliant racing driver.

Those who appreciate the difference might remind themselves that, whatever they do, without such discipline, no-one succeeds.

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Financial Times Tuesday February 24 1988

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FINANCIAL TIMES SURVEY



The royal shire's once mainly agricultural economy is being transformed, thanks to Heathrow airport and

the M4 motorway, into a key centre of high tech industry. But, as this survey written by Roy Hodson reveals, matching growth and prosperity to the excellent quality of life is proving...

A precarious balance

BERKSHIRE, TO SOME, is a string of valuable bloodstock being ridden through Lambourn on a misty morning to the gallops on the downs. To others, it is a boating scene on the Thames at high summer in crowded Boulters Lock, or a distant view of Windsor Castle with the Royal Standard flying over the Queen's home, a reminder of the county's privilege to be known as the Royal County of Berkshire (a privilege given formal status in 1974 when the county was awarded the Royal Arms by the Queen). A closer representation of life in the county today however, would be the daily round of an international computer business inside one of many glass-clad buildings on an industrial estate.

Berkshire has more than moved with the times. It has rushed headlong to embrace the future. The old agricultural county has acquired one of the most important and prosperous concentrations of high technology industry in modern Britain.

It is particularly favoured by foreign companies in micro-electronics and computerware which are setting up manufacturing and distribution for the British and continental markets.

These days more people commute into Reading to work than commute from Reading to London. A random glance at the businesses in the county catches such names as Digital, ICL, Ferranti, Racal, Foster Wheeler, Prudential Assurance, Guardian Royal Exchange, the Royal Ordnance Factory at Burghfield, and the nuclear establishment at Aldermaston.

When Thomas Hughes wrote Tom Brown's School days in the mid-Nineteenth century and he wanted his young hero to come from the deepest English countryside, he chose Berkshire - more specifically, that portion of the Royal county of Berks which is called the Vale of White Horse.

Tom Brown would be more than surprised if Hughes could send him back there now. Oxfordshire has long since swallowed his beautiful north west Berkshire farmlands and downlands under boundary redistribution. In return the reshaped county has had graceless but prosperous Slough tacked on to its eastern end.

Modern Berkshire is a small county in area (although it has a big population, by county standards, of 730,000). It is shaped like a sausage lying on its back - some 40 miles long

and in places only 12 miles wide. It is so near Heathrow airport that the flight path crosses the county boundary. The fact that Berkshire is next door to Heathrow while being untouched by London's urban sprawl is reckoned to be the single most important factor in the county's success in attracting new foreign investment.

A second factor now contributing much to the rude health of the Berkshire economy is that the M4 motorway runs from Heathrow westward directly through the middle of the county from end to end. You can cross Berkshire in 40 minutes without exceeding the 70 miles per hour legal limit.

The M4 has turned Berkshire from a traditional English shire county of lanes, villages, and a few free-standing towns into a closely-linked area where everywhere is theoretically just a short car journey of a few miles from everywhere else.

The qualification is necessary. One of the highest levels of car ownership in Britain, and a parallel decline in the quality of public transport by rail and road, has thrust a monumental traffic problem upon Berkshire - a problem which is hardly appreciated when one is cruising merrily along the M4.

Mrs Rosemary Sanders-Rose, leader of the Newbury district council which administers the western quarter of the county, says that traffic is her council's biggest headache. "We have been caught by our own success. Either side of the motorway we are trying to adapt a roads system built for farmers to our high tech life-style."

The centre of Reading, Berkshire's booming county town, which has become a regional capital if measured by the variety of services it offers, is currently being stirred up for all the world like a brick and rubble pudding to try to accommodate the motor car. The county council is spending more than £25m on a new urban roads system - the biggest roads programme it has ever undertaken. While Reading endures day-long traffic jams the planners promise that the town will be transformed in two years time by the new roads, the new car parks, and a central pedestrian priority system.

Fine for Reading, although the locals are sceptical. But by then the traffic problems of several other Berkshire urban areas including Newbury, Bracknell, Maidenhead, Windsor, and Slough will have become more acute. And there

is no possibility of finding enough money to tackle them all in the radical fashion employed upon Reading.

Berkshire's basic problem is how to perform a precarious balancing act to match its growth and prosperity on the one hand against preservation of the county's still excellent quality of life on the other.

Mr Tony Allen, the county's chief executive, has just been faced with the prospect of having to learn more new tricks to stay on the high wire. Mr Nicholas Ridley, the Environment Secretary, has savaged the Conservative county council's proposed structure plan. The county, alarmed at the pressures from the fast growth of population and business activity wanted to cut the house building rate from an average of nearly 5,000 houses a year over the last ten years to about 1,600 a year in the 1990s. Mr Ridley has proposed a higher limit of 3,000 houses a year arguing that the extra houses will be needed to accommodate people who grow up in Berkshire and wish to remain there.

"The council is going to have to live with Ridley's message - that is, more growth than it believes is good for the

county", says Mr Allen. The county will have to find room for 7,000 more houses than it wishes to have by the mid-1990s.

The inevitable consequence of the Ridley strategy is that Reading will burst south of the M4 - at present seen as its natural boundary - and then it will be only a matter of time before a linear urban area is created to the west of London, starting in the north west at Reading and running south east to embrace Wokingham and Bracknell.

There is nowhere else for the houses to go. Berkshire is tightly coterred by planning restrictions. A designated area of outstanding natural beauty embraces the western half of the county, and the London Green Belt runs across the eastern end of the county between Reading and Slough.

The people who work in Berkshire's new industries and services naturally want to live in their chosen county, even at the price of paying £1,000 a foot for river frontages on the Thames, or putting up with the high costs of charming Newbury (said to be the wealthiest country town in Britain) where it costs £5,000 to provide a single car parking space.

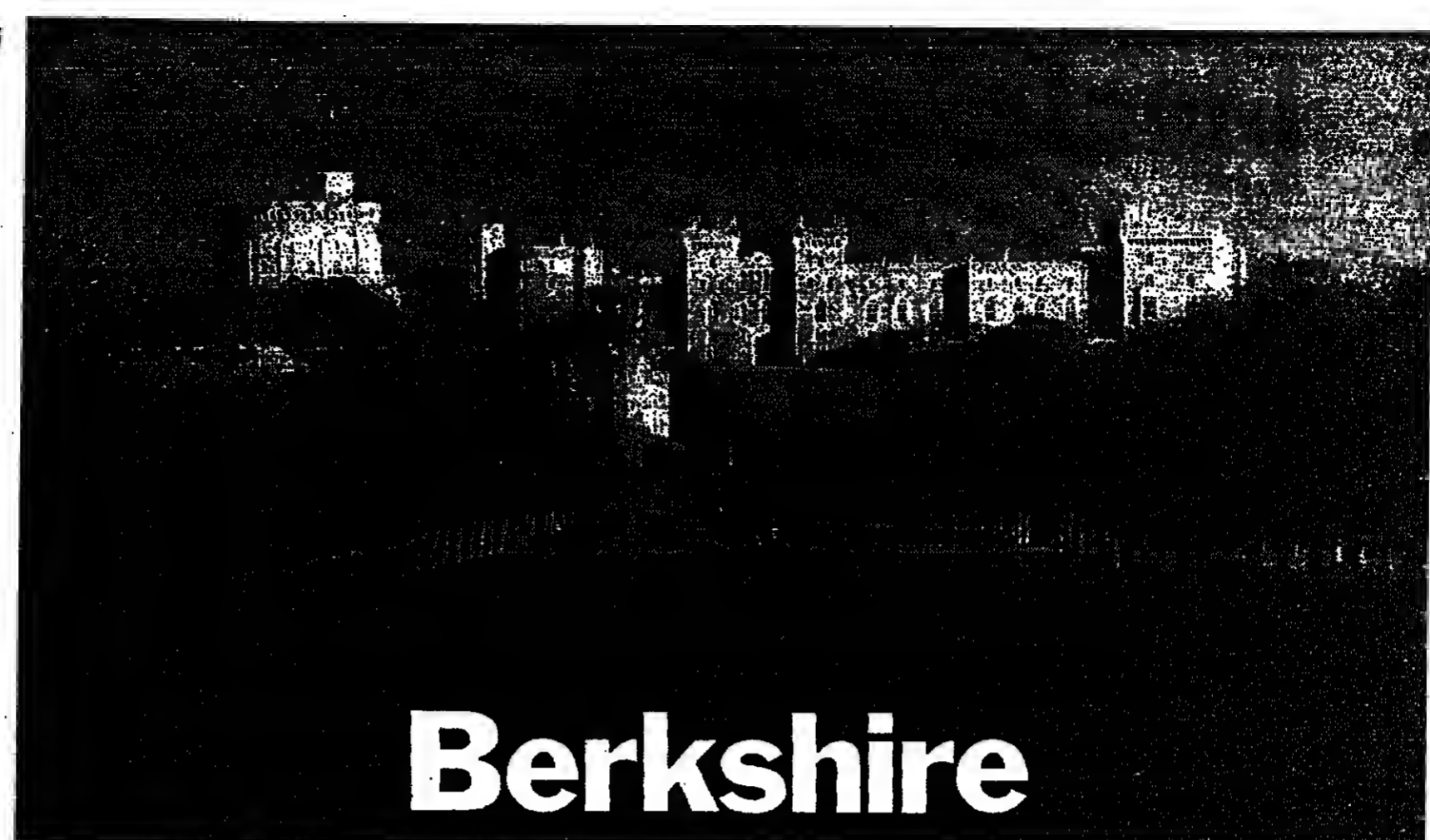
With housing land nudging up

towards the mesmeric figure of £1m an acre, and property men smiling all the way to the bank, Berkshire county council thought that one answer to the vicious spiral of trying to match new housing with services could be to seek contributions from the developers towards local roads and amenities.

The companies building in the area have been generally sympathetic to the idea. But Mr Ridley has specifically ruled out what the council calls euphemistically "planning gains" - and the minister calls brutally "selling planning permissions". The council still hopes to persuade him to change his mind.

While the argument rages at national level about the future rate of Berkshire's housing growth, business in the county is already hungry for labour. There are 15,000 registered unemployed, just below 5 per cent of the work force. In practice there is a skills shortage throughout the county. With housing expensive and in short supply Berkshire is already a victim of its own economic success.

Young married couples, each with a well-paid job, sometimes solve their housing problems by



One of the glories of the Berkshire landscape: the Long Walk at Windsor Castle

Alan Harper

Berkshire

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moving to cheaper areas further west down the M4. It is becoming common for people to commute into Berkshire along the motorway from Wiltshire and Somerset. A few expanding companies have also found life uncomfortable in Berkshire's pressure cooker environment and have moved west to Swindon and other places to find labour and industrial land to expand.

The Berkshire Enterprise Agency says frankly that its role is to protect scarce resources - labour, skills, land, investment money - rather than encourage uninhibited growth. It has been switching the emphasis of its work away from helping new business start towards encouraging the development of existing small and medium businesses of the sort that are needed if the county is to have a secure and broadly-based economic future.

Tourism now ranks alongside agriculture as a prime Berkshire earner after high-tech industry. Windsor attracts the crowds with 3.5m visitors a year. Over the remainder of the county a more selective approach to tourism is being tried based upon high-spenders rather than big numbers.

The abundance of good hotels and restaurants in the Thames Valley and beyond persuaded Berkshire to base its tourism strategy upon winning conference trade. A lot of talking is being done along the Thames these days with 36 centres in business for conferences and training courses. Spotting a successful promotion, some hotels in surrounding counties have paid to join the scheme and be included in the conference brochure.

Affluent life styles in Berkshire have nudged the hotels and restaurants towards higher standards. However, the gastronomic elevation of the county has not been all plain sailing. The great British chef, Mr Nico Ladenis, tried his luck in Berkshire for a year with a restaurant south of Reading. Finally he headed back to the less green pastures of Westminster last year protesting that he would not cook for people who demanded gins and tonics before eating his food.

THE DAWNING OF BRITAIN'S PREMIER BUSINESS PARK

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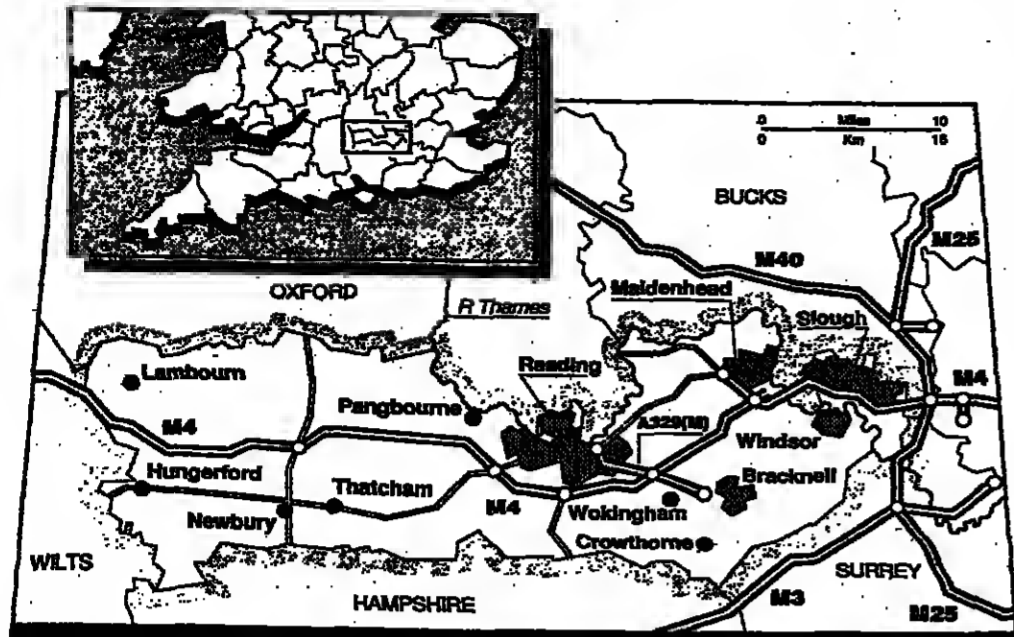
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BERKSHIRE 3

Commercial and industrial property

'Crying out for sheds'



THE SORT of industry and commerce that is conveniently labelled "high-tech" in Berkshire tends to occupy sleek modern buildings handily situated for the M4 and Heathrow airport.

Assembly, distribution of imported parts, and computer software, make up a large part of the activity and it is backed, of course, by a growing volume of professional and technical services.

This high-tech industry is now estimated to provide directly one in every five of all jobs in Berkshire, compared with one in every seven jobs as recently as three years ago. For every worker in high-tech there is at least one, probably two, workers behind the front line providing services. So overall, approaching half the county's workforce is now involved, in one way or another, Berkshire's recent industrial revolution.

Even more will become involved during the next few years. A recent survey by the highways and planning department forecasts that more than half Berkshire's businesses expect to recruit more staff in the next three years.

Land for industry and commerce is in very short supply. Eventually it may be the shortage of such sites rather than



The shape of Berkshire offices to come: an artist's impression of St Martins Property's Sapphire Plaza development at Reading now under construction

constraints upon housing development that slows Berkshire's pell-mell growth.

The government last year revised the planning rules for industrial and commercial development. These new use class orders, which govern planning consent, are now having the effect of blurring the price distinctions between parcels of land which hitherto

had been specifically priced upon their designation for conventional industry, high-tech industry, or offices.

In Slough, on the Bath road, £1m an acre has been paid recently for land for high-tech use. And industrial land without any obvious high-tech linkage has gone for £700,000 an acre in the east of the county. Of course, most land-owners are trying to sell for high-tech developments at premium prices. Meanwhile, as Mr David Anderson, the county chief estates officer puts it succinctly, "People are crying out for sheds".

"Metal-bashing", and metal finishing activities, paintshops, and similar hand maidens to industrial activity are finding it difficult to exist in modern Berkshire alongside their glittering neighbours who are practising the skills of high-tech. Older industrial buildings are being knocked down to build modern premises commanding higher rents. It makes the place look tidier and is presumably progress. But it is making life progressively harder in Berkshire for the old activities.

Windsor and Slough district council has just addressed itself to the problem in its own district by building and letting 19 small business units on a site in Maidenhead. All have been quickly let within the last few months to small specialists anxious to get a foothold in the golden area.

The same authority, incidentally, is experimenting with a novel scheme to help solve the chronic problems of shortages of space and shortages of labour in its district. It has formed a partnership with the Wrekin District Council in

Shropshire where there is plenty of low-cost accommodation and a labour surplus. Windsor and Maidenhead has hired five people in Shropshire to work for it up in Wrekin as a computer programming unit using remote terminals. Eventually Windsor and Maidenhead hopes to build this unit, some 150 miles away, up to about 25 people.

Meanwhile Wrekin has applied for funding from the European Community social fund to help support the venture. The two authorities also have a second plan under discussion to work together to promote tourism.

The supply of land for new business in Berkshire will not run dry while the county council is able to continue its policy of actively selling off land to acquire extra capital for desirable infrastructure improvements across the county. The county's capital programme has increasingly been funded by these sales. This year it expects to realise £20m from the sale of land such as the sites of closed schools, unwanted buildings, and playing fields.

Mr Tony Allen, the chief executive, expects revenue from such sales to rise to £25m next year and perhaps £20m during the year after that. The sums will be useful additions to the county's total revenue budget of £350m.

But there is a limit to the amount Berkshire can raise from land sales. By 1990, the programme will be well past its peak and thereafter revenue from such sales will fall sharply.

Office rents and premium grade high-tech premises rents in Berkshire currently range from about £20 a sq ft in Slough in the east, down through about £18 a sq ft in Reading, to about £10 a sq ft in the west. But there is a strong, almost insatiable demand for the best quality commercial properties, so the pressure is still upwards.

Developer John Norgate, chairman of Trencherwood Properties based in Newbury, has a business plan for the 1990s based upon 30 per cent of his programme being in building commercial property and the remainder in private housing and retirement homes. High-tech industrial premises, conventional industrial premises, and distribution depots is planned.

Newbury will be helped to sustain its growth by a major release of some 60 acres of business park land just south of Newbury controlled by Trencherwood. A broad mix of high-tech industrial premises, conventional industrial premises, and distribution depots is planned.

It is inevitable, given the pressures upon the Heathrow airport, that new industrial and commercial development will be gradually squeezed out down the M4 to the growing urban area around Reading and further west. It also seems inevitable that in spite of all the efforts of developers such as Trencherwood, and councils such as Windsor and Maidenhead, some of the small, more traditional industries will be forced to move to other parts of the south east where labour and premises are cheaper and more easily found.

This pressure is already the subject of regrets. "If one thing saddens me about modern Berkshire, it is the decline of blacksmith engineering which developed round here out of agriculture and used to contribute so richly to the local scene", a resident and long-time student of the industrial community commented.

Meanwhile, building work for high-tech activity rolls on. Nixdorf Computer is building a £7m new centre in Bracknell's Park One business centre to coordinate all the company's British activities and provide a new software development centre. And there will be more Berkshire land or bigger high-tech developments if Mr Ridley, the Environment Secretary, has his way. He has asked the county to submit revised policies taking into account the revised use class orders, in particular the replacement of contents for different types of industrial and commercial with a single "business use" category.

There also promises to be a lot more retail space. Mr Ridley has rejected a county council strategy to limit the amount of additional shopping space to be provided over the next eight years. All applications for new shops in town centres and on out-of-town sites should be considered on their merits, he says. Following the government's recent intervention, Berkshire is almost certainly going to have more new industry, more houses, and more shops by 1995 than the council believes is reasonable.

The nature of the council's balancing act between growth and the protection of a still beautiful county with an atmosphere all its own suggests Berkshire should recruit a high wire artist of the calibre of Blondin.

Profile: Slough College of Higher Education

New freedom to train



Getting down to work at the flexible learning unit, Slough College.

A GROWING shortage of labour is likely to be the biggest single obstacle to Berkshire's future growth. In the past year the number of unfilled jobs advertised at the job centres has risen from under 5,000 to nearly 6,600. Meanwhile fewer young people are coming on to the jobs market. The stark demographic truth facing the county is that there will be a 25 per cent reduction in the number of 18-year olds in Berkshire between now and 1992.

The future role of Slough College of Higher Education, situated as it is in a heavily populated area at the hub of Berkshire's industrial activity, is of special importance given the new emphasis being placed upon training to develop precious skills. And the college is embarking upon an adventure of its own. It is to be, in all essentials, privatised.

Mr Ian Wallis, director believes he is speaking for the majority of his staff when he says: "Frankly I relish the prospect of the freedom that is being offered to us". His is one of the colleges of higher education which Mr Kenneth Baker, the Education Secretary, intends to remove from local education authority control and give wide powers to raise and manage their own money.

Wallis, with a current annual budget of £8.5m will find himself running a free-standing corporation created by statute and having the same basis of operation as the polytechnics and the universities.

Slough is seen as the industrial beehive of Berkshire the college is where many of the bees learn to fly. It caters for 10,000 students a year on upwards of 1,000 courses and employs 500 staff. Its reputation is such that it is never short of applications from foreign students.

If the Baker scheme is implemented, the college will still receive some money from the county authority which at present provides 25 per cent of its budget. But Mr Wallis and his staff will have to turn the college into much more of a money-earner than it has been up to now.

Four out of five Slough College students are already part-time. With the number of school-leavers falling the college intends to concentrate even more heavily upon part-time education in future. Mr Wallis believes that strategy is suited to the college's future in "an

active economy with aspiring people".

At present, just under half the college's students are aged over 25 - some are in their 40s and 50s. As the trend continues towards older students the college will be trying to clinch more contracts with local industry to provide training for company work forces.

The college has already published a brochure for senior executives in the Thames Valley pointing out that they now have a chance to influence the training of their people by means of joint ventures with the college.

Mr Wallis says regretfully of some industrial concerns in Berkshire, "They are still in the age of recruiting by poaching from each other". Nevertheless he expects light to dawn before long among even the most hardened poachers among managers. "The only way they can secure the skills with certainty will be by training up their present work forces", he says.

The college has already set up a flexible learning unit with funds from the Manpower Ser-

vices Commission and £400,000 so far, committed in support by industry. The college is taking the training to participating company's own premises, and - showing true entrepreneurial style - has appointed a project manager. That, says Mr Wallis, will be the pattern for the future for teaching mature students.

When the college goes independent, every sector of its activities will be managed as separate business centre with staff enjoying considerable managerial freedom to choose their own targets. "Yes, it is going to be a change of culture for us," Mr Wallis admits.

Flexible learning units are another weapon the college is adding to its armoury. Mature students will be able to choose from a range of modular courses to help them towards qualifications. It should be much less limiting upon students' time than the traditional system of two nights a week, or so, in class, rain or shine. Linked to flexible learning, the college is developing a telephone counselling system so

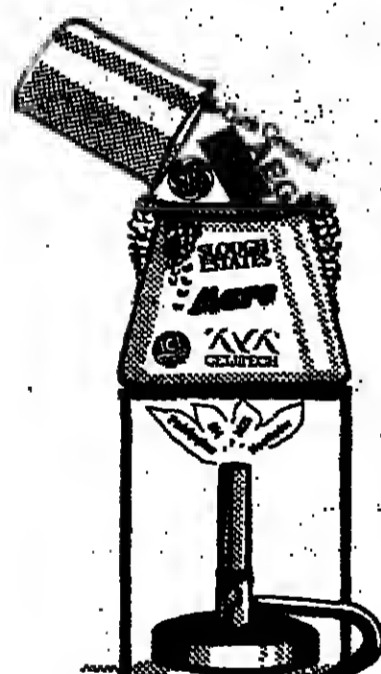
that lecturers and tutors can help students with problems quickly and informally.

Foreign students can provide a useful extra income for a college like Slough. Most join existing courses and thus bring down unit costs. During the last 18 months, when fees from foreign students have been running at up to £500,000 a year, the college has sent Mr Len

Judge, its international liaison officer, to market the college in Hong Kong and Kuala Lumpur.

One quarter of the population of Slough is made up of various ethnic minorities (mostly Asian) and the college has had an international reputation with successive generations of foreign students.

Slough College, when it gets its freedom, intends to be a kind of supermarket of educational opportunities for people of any age in the Thames Valley who want to get on, or who are being pressed by their firms to learn new skills. "We are in the right place at the right time. The economy around here is being held back by lack of skills. For the college staff it is now a matter of making it work," says Mr Wallis.



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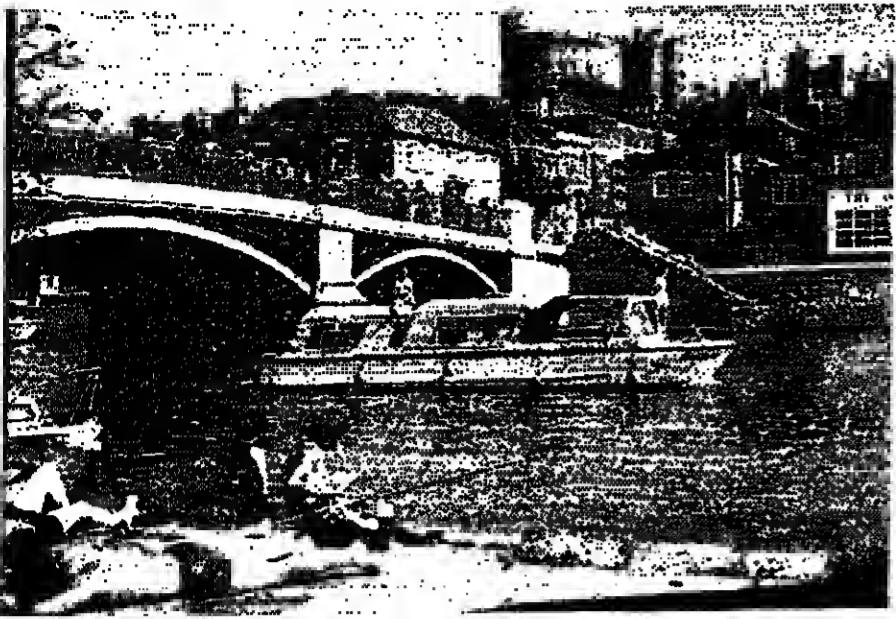
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BERKSHIRE 4



Some of Berkshire's most notable tourist attractions (from left to right): the River Thames at Windsor, polo at Great Windsor Park, and the recently-renovated Kennet and Avon canal at Sheffield Bottom

Tourism

Array of amenities for business and leisure

"IT'S A better place to talk business", trumpets the Royal County of Berkshire in its conference brochure. The county's publicists know what they are talking about. There are three dozen conference hotels in the county, many of them clustered in the elegance of the Thames Valley, and it is hard to get a room in any of them between Monday and Friday as businessmen sort out their policies in smoke-filled rooms, or attend conferences on sales, computer usage, staff attitudes - indeed, anything that gets them out of the office.

Restaurants and hotels in the Thames Valley and therabouts have, in recent years, probably enjoyed more popularity than they strictly deserve. That is even acknowledged by those in the trade. They have had the good fortune to be sucked along in the wake of the computers and high-tech bonanza, in the district. The micro-chip does seem to generate an inordinate demand for food, drink, and good lodgings. Nevertheless some of the establishments really are first class. "We are trying to put our county on the tourist map", says Mr Tony Allen, the chief executive of the county. "That means having good relations with the tourist industry, the restaurants world, the river authorities, the Safari Park (Windsor), and all those minor-

ity interests which want to spend time in Berkshire." It must be said that the county council and the district councils are managing to do it rather well. Berkshire extracts more money from tourism for the esement of its rate-payers than most counties in Britain. The Royal attractions of Windsor themselves draw 3.5m visitors a year, many on day trips from London. Indeed, a good number of Windsor's visitors pack in the trip as an alternative to spending a couple of hours in the transit lounges at Heathrow airport. There is the apocryphal story of the American woman who looked out of the Jumbo jet window as the aircraft was on its final

approach into Heathrow. "You are now passing directly over Windsor Castle" the pilot was saying over the inter-com. "Why on earth did they build it next to the airport?" the good lady exclaims. Berkshire's recent success in expensive leisure facilities clearly has much to do with the fact that there are now reckoned to be more head offices in Berkshire than in any other town or county in Britain outside London. And Berkshire does have the natural back-drop of the Thames Valley to woo its visitors when they tire of Royal pomp and panoply. The river scene can be achingly beautiful or depressingly sordid within

the same mile or two. No matter. Visitors find it has a magic of its own which brings them again and again. The darker side of the Thames scene is being tackled with vigour. Thames Water, based in Berkshire at Reading, has a programme for improving amenities, regulating the excesses of hire launch parties, and keeping the river clean. At Reading and Windsor, there are plans to improve the river frontage opening it up to visitors with more amenities. The Windsor and Maidenhead Royal borough, which has within its bailiwick some of the most beautiful stretches of the Thames, is developing its own local riverside strategy. Among

other schemes it wants to make it easier for tourists to visit and enjoy the better-known beauty spots such as Boulter's Lock, and Cookham Reach - without, however, offending the susceptibilities of local residents who pay high rates for the privilege of living in the Thames Valley and do not want it turned into a goldfish bowl. The local authorities in the area find that a desirable new car park for the passing trade can also prove to be a painful eyesore for residents. The old Kennet and Avon canal system joins the Thames at Reading. In the early 19th century it was, for a brief space of time, a thriving commercial link between Bristol and Lon-

don, before the coming of the railway put it out of business. By 1990 the old waterway should be open again throughout its length after years of painstaking restoration work by local authorities and volunteers. When the waterway is working it will be a valuable new amenity providing a leisure waterway through west Berkshire. The canal will not be able to accommodate the big motor cruisers that plough up and down the Thames in summer - the gin palaces. But the hope is that it will prove attractive to lovers of small canal cruisers, ramblers, and fishermen. The Kennet and Avon Trust points out with vigour that this will be no ordinary canal. Apart from joining two important river navigations - the Bristol Avon in the west and the Kennet (later entering the Thames) in the east - it is a spectacular water course in its own right. There are nearly 83 miles of canal with 104 locks. One flight at Caen Hill west of Devizes, Wiltshire, rises 237 feet in a couple of miles. Recently, to speed the restoration of the Kennet and Avon, it has been made a job creation project under the Community Programme. Over 200 young people have been working on it, clearing the "cut" and re-building locks in the intricate old brickwork patterns.

The old and the new came together last year when, hard-by the Aldermaston nuclear establishment in west Berks, the canal's Aldermaston lock was opened and promptly won a Civic Trust award for the quality of the restoration. The county's Beautiful Berkshire tourism campaign is homing in this year on theme weekends - that time of the week when hotels are free from business conferences and training courses. It is offering ballooning in west Berkshire - the Newbury kite meeting is a winter highlight - William and Mary celebrations at Hungerford, and, of course, such favourites as the Royal Windsor Horse Show, the Royal Windsor Rose Show, Royal Ascot, and Henley Regatta. For followers of the turf, a visit to Lambourn should not be missed. This workaday little town on the west Berkshire downs is one of the world's great bloodstock centres. There are 1,200 racehorses in training in the district. They can be informally inspected any morning as they are ridden up to the downs for the gallops. If you like talking horses then Lambourn with its cosy jubes used by the stable lads is the place for you. And if you like seeing them run, and placing money on their backs, then it is worth reminding that Berkshire, also boasts three race courses: Newbury, Ascot, and Windsor.

Residential property

An insatiable demand

EVEN IN the beady atmosphere of the Berkshire property market, it came as something of a shock last month when the county council was able to realise £4.2m for two plots of residential land at Burnham, Slough, totalling slightly less than 6 acres. And that was not the whole sum involved in the deal. Local builders, Thamesway Homes of Iver, also agreed to pay £400,000 for improving an adjacent road intersection including traffic lights. Two points might be made about this deal. It confirms what many professionals in the Berkshire property market have been saying - that the day

when up to £1m an acre for residential property sites can be obtained is fast approaching in the most sort after corners of the county. And it demonstrates the way the council's present policy of seeking "planning gain" from developers works in practice. A direct benefit to the local infrastructure has been

obtained in the deal, and the housing development will get the associated roads it needs. The days of "planning gain" deals in Berkshire may be numbered, however. Mr Nicholas Ridley, the Environment Secretary, has come down against them being part of the county council's property policy. Mr Tony Allen, the county chief

executive, foresees difficulties ahead following the Ridley ruling if the council is expected to find all the money for infrastructure associated with housing developments - particularly local roads, site facilities, and community facilities. Mr Allen also points out that the sensible developer building houses in Berkshire accepts his responsibilities towards the surrounding environment. The Berkshire housing market has to be seen in the context of a county which is one of the fastest growing parts of the south east region. In 1985, Berkshire had a population of 699,000. It is now about 730,000 and growing at a rate above 1 per cent a year.

Although the county is disappointed with Mr Ridley's response to its draft structure plan, there is no doubt that a firm plan has been agreed for infrastructure developments. Mr Leston offers an interesting insight into the relationship between the county and Mr Ridley over "planning gain". He says: "The county council's original structure plan contained many creative and helpful proposals designed to minimise the damage caused by rapid development. Mr Ridley has removed those weapons from our armoury, leaving us more vulnerable to the developers. In particular, we are amazed that he has acknowledged the problems of severe traffic congestion in Reading, and has then supported policies which will make it worse. While Labour hammers away at the high cost of Berkshire housing, and wants new consideration to be given to cheaper homes for first-time buyers, all the Berkshire council politicians seem to be united in their fears for central Berkshire. When, as appears inevitable, Mr Ridley's extra houses are to be built, Reading spills south of the M4 towards Wokingham and Bracknell, they foresee that thing will stop continuous urban development right

across the centre of the county. The intention is that 5,000 of the 7,000 extra new houses will be within the areas of Bracknell and Wokingham district councils. Other locations proposed are the Newbury-Thatcham area to serve demand in west Berkshire, and in Slough at the east end of the county. House prices clearly indicate the pressures in the Berkshire housing market. A poor little terraced house in Reading can fetch more than £40,000. Something rather better, but far from being a high quality property, can fetch £85,000, if it is near the university. In the more desirable rural parts of the county, particularly around the Thames, Newbury, and the Kennet and Avon canal, decent family houses with four or five bedrooms are not likely to be below £120,000, and can fetch well over £300,000. If you can find one with a river frontage be prepared to pay between £30,000 and £100,000 extra for the privilege of access to the water, depending on the size of your desired domain. The Berkshire highways and planning departments reckon that local house prices have risen by 30 per cent in the past year. "It has been one of the highest increases in the country," says Bob Clarke, director of the department. Combined with the effect of year-on-year increases, the average price of a house in the county is now some 70 per cent above the national average - a stark reflection of the overall high demand, the general economic buoyancy of the county, and the ready availability of mortgages. Although the Ridley proposals for 7,000 extra houses in Berkshire, over the next 8 years or so, are proving the very stuff of political contention, it is worth remembering also that the effect of them upon the total housing market in the county will be minimal. New houses - even when being built at a rate of more than 5,000 a year as has been happening - only account for some 10 per cent of all the houses sold in Berkshire. The message from the housing market is that the open and fast-moving nature of high-tech industry and commerce calls for an equally open and flexible housing market. Housing needs and a proper concern to protect the Berkshire environment are unlikely to reach any amicable formula for living together in the foreseeable future.

Advertisement for Mountfield lawnmowers. Text: "This space is dedicated to the gardens, fields, paddocks, village greens, parks, green belts and fairways of Berkshire by Mountfield." Includes an image of a lawnmower and the Mountfield logo.

Advertisement for Walker Martineau Solicitors. Text: "Walker Martineau SOLICITORS. A Complete Legal Service to the Thames Valley Business Community." Includes contact information for various locations.

Advertisement for Arthur Young. Text: "Arthur Young We take business personally." Includes contact information for Kings Court, 185 Kings Road, Reading.

Advertisement for ARCO Chemicals Europe Inc. Text: "THE FORMULA FOR SUCCESS. ARCO Chemicals Europe Inc is the highly successful operating unit of a major US multinational..." Includes a stylized graphic of a city skyline.

Advertisement for Berkshire Enterprise Agency. Text: "Basic Facts. Population: 730,000. Berkshire Enterprise Agency: 10 The Forbury, Reading, 0734 585715."

Advertisement for Beautiful Berkshire. Text: "Serving the needs of business people in Berkshire and nationwide. Maidenhead: 89 High Street 0628 35058. Slough: 164 High Street 0753 76677. Windsor: 114 Peascod Street 0753 851447. Reading: 20 Queen Victoria Street 0734 596677." Includes the Beautiful Berkshire logo.

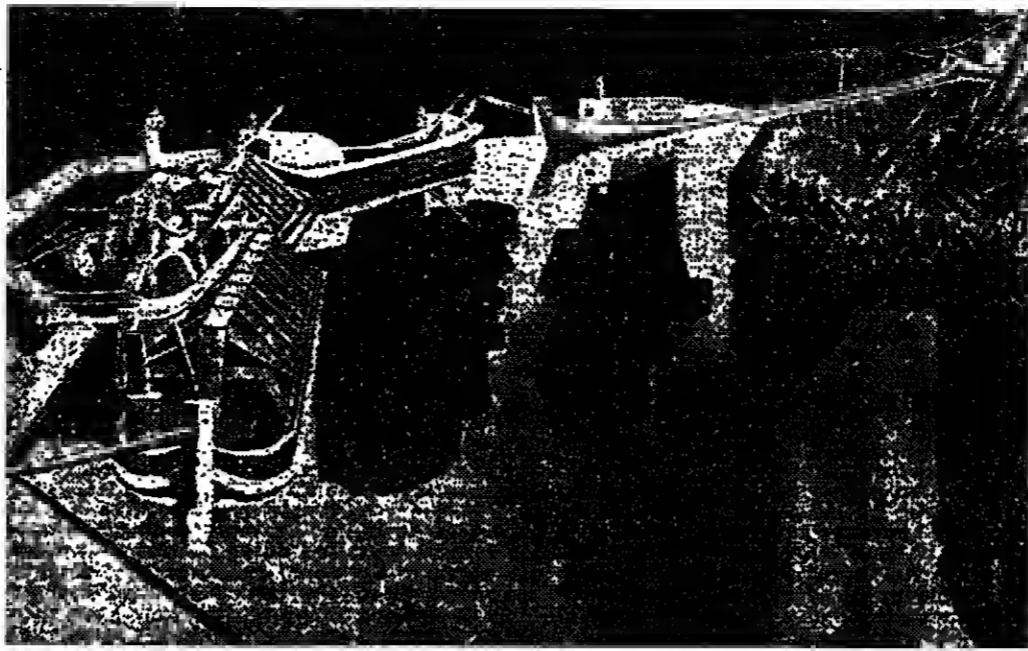
Partial view of an advertisement on the right edge of the page, including the word "BO" and "The In".

ARTS

Tate Gallery/William Packer

Bomberg vindicated

David Bomberg died in London in the autumn of 1967 at the age of 86. Although he was always a figure of some consequence in the art world...



'Barges' by David Bomberg, 1919

We look at the great paintings of 1913 and 1914, 'The Mud Bath' and 'In the Hold' with all their squares and edges...

Maria Joao Pires/Elizabeth Hall

This concert career of the Portuguese pianist Maria Joao Pires, which was retarded by a period of ill health...

Messiaen's 'Livre'/Festival Hall

Jennifer Bate gave the British premiere of Olivier Messiaen's Livre du Saint Sacrement in Westminster Cathedral...

As usual there is some naively literal theatre (doomy Frankenstein-music for the Resurrection)...

Opera Restor'd/Elizabeth Hall

The conversion of the Elizabeth Hall so that it can take small-scale staged performances has opened its doors to a variety of fringe opera companies...

It only remains to note that the score of Dido was supplemented by dances taken from other Purcell works...

Saleroom/Antony Thorncroft

Sotheby's in London yesterday held its first combined sale of glass and ceramics...

BBC Symphony Orchestra/Barbican Hall

Andrew Clements

The Musgrave Viola Concerto is such a piece: it was commissioned for the Proms in 1973, given its first performance with the composer's husband Peter Mark as soloist...

Nash Ensemble/Wigmore Hall

On Saturday the Nash team gave their penultimate concert in their 'Paris 1967-1987' series, which met their usual scrupulous standards both in programming and in execution...

The Importance of Being Honest/Glasgow

Michael Coveney

The touring company Wildcat unveiled their new production at Jordanhill College of Education, Glasgow, over the weekend, billed as a musical farce...



Steve Kettley and Alexander Morton

Arts Guide

Opera and Ballet LONDON Royal Ballet (Royal Opera House, Covent Garden) A varied triple bill of The Sons of Horus, Symbiotic Variations and La Fin du Jour...

WEST GERMANY Berlin, Deutsche Oper. Der Liebestrank, produced by John Copley, with fine interpretations by Janis Martin and Ingar Wittell...

ITALY Milan, Teatro alla Scala. Francesco Cilea's Admetos, conducted by Claudio Abbado...

NETHERLANDS Amsterdam, Muziektheater. Premiere of the Netherlands Opera production of Salomé by Richard Strauss...

NEW YORK Metropolitan Opera (Lincoln Center). The opera House, James Conlon conducts August Eberding's production of Khovanshchina...

Extel Financial - an obvious choice for Investment Accounting Services. R. MARRISON INVESTMENT ADMINISTRATION LLOYDS BANK. All you ever need to know.

David Brindle reports on growing labour shortages outside London

Crumpled leaves in Roseland

Mr Shultz's initiative

RARELY can an international peace initiative have been mounted in more inauspicious circumstances than the Middle East mission being undertaken this week by Mr George Shultz, the US Secretary of State.

The plan for resolving the Arab-Israeli conflict which Mr Shultz will be taking to the region from this Thursday has been greeted with disension within the Israeli body politic, scepticism in the Arab world and more violence in the Israeli-occupied West Bank and Gaza Strip.

Time to free car imports

THE UK CAR industry has entered the silly season with the strike at Land Rover, the recently recovered and still barely profitable subsidiary of the Rover Group.

It is not as if the costs are negligible. A study by Mr Brian Hindley published by the Trade Policy Research Centre in 1985 reported costs of about £180m, of which more than £130m was transferred to Japanese exporters from the consumer and from the EC exchequer.

Barriers The VER was designed to save what is now the Rover Group. These costs are incurred, therefore, to protect a group currently responsible for less than 18 per cent of sales in the UK.

What is needed is a better framework for competition within the industry. That can only be supplied by greater competition from imports.

AN UNEMPLOYED British northerner, transported to the Jobcentre in Basingstoke, Hampshire, would think he was in a fantasy world.

With official unemployment at about 3.5 per cent in this boom town 60 miles south-west of London, employers cannot recruit security guards for £2 an hour, shop cleaners for £3.05 and cooks for £3,000 a year.

To its credit, the weekly Gazette has been running a campaign on the north-south divide, focusing on the blighted Lancashire town of Skelmersdale.

Although outside London, Roseland is becoming almost as expensive for employers

Finance has overtaken manufacturing and public sector services during the 1980s to become the single biggest source of employment in London.

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While it has long been accepted that the banks in London should be compensated for the additional costs of living in the capital, or commuting to it, it is much harder for the banks to justify paying a special allowance in Southampton, for example, but not in Cambridge or, in the case of the Halifax Building Society, in Maidstone but not in Canterbury.

For this reason, many employers are resisting the pressure to pay a Roseland premium. Sun Life of Canada, the insurance company, moved its UK headquarters last May from central London to Basingstoke, where it employs 610 staff.

It is a difficult situation and we are trying to avoid paying an allowance by keeping our basic pay competitive," the company says.

While the AA has just increased its London weighting payments from £1,785 to £2,300 for an inner zone and from £875 to £1,250 beyond that (to the limit of the metropolitan police area), its only Roseland-style payment so far has been a special premium for breakdown patrol staff in Surrey.

At nearby Wokingham, the borough council has been advertising for a principal assistant solicitor at a salary (under review) of £15,921 plus "relocation expenses" of £4,600, a commuter allowance, a mortgage subsidy, professional subscription, and life and medical insurance schemes.

Such inducements are becoming standard, forcing the pace in a desperate race to offer still higher incentives and still more tempting perks.

Popowich, who had been widely tipped to succeed Pearce Bunting at the helm of the TSE, never passed his final exams at the LSE.

Ministers at the Department of Trade and Industry have been handing out some rough treatment to the regions. The replacement of automatic regional development grants by selective assistance seems certain to scale down the money they are able to secure from the Treasury.

Lady in fishmongers: "I want a haddock please. Assistant: "A Finnon madam?" Lady: "No, a hick 'un."



who simply adopt the latest gimmick to recruit and retain will find themselves bereft of a coherent plan for the future.

Public sector employers throughout Roseland would identify with this plight. There is already flexibility in local government white-collar pay rates, which enables Basingstoke and Deane Borough Council, for example, to advertise a typing supervisor vacancy at a salary of £7,833 to £9,873 plus a "local allowance" of £2,165.

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There are drawbacks to such offers, IDS warns: "Employers who simply adopt the latest gimmick to recruit and retain will find themselves bereft of a coherent plan for the future."

Worrall on his own

Dennis Worrall, the man who resigned as South African Ambassador to Britain to be an independent candidate in his country's all-white general election last year, is back in London this week: perhaps more to listen than to teach.

Worrall has not much changed: he is as intelligent and sharp as ever. Listening to him talk about the ups and downs of white South African opposition politics, however, is reminiscent of those discussions that used to go on in the upper echelons of the British Social Democratic and Liberal parties.

So Worrall and his independent movement to maintain links with, but not join, the other opposition groups such as the Progressive Federal Party; he also thinks that the political pendulum in South Africa is still moving to the right in favour of the Conservative Party, which has become the official opposition.

Observer

Manchester City have also been given a long odds of 66-1 in an attempt to stimulate betting against Liverpool whom they meet on March 13 and who are now the 11-8 favourites following their defeat of Everton.

Liddell's secret Helen Liddell, the outgoing secretary of the Scottish Labour Party, is planning to launch herself in a new career as a thriller writer, but the exact theme of her book is a secret shared only with her agent.

Terrance Popowich, the 31-year-old Wunderkind of the Toronto Stock Exchange, has been forced to resign his post as vice-president after the discovery of a London School of Economics MSc degree in his curriculum vitae.

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Form for Confidential Invoice Discounting with fields for Name, Title, Company, Address, Postcode, Telephone.

Toronto crash Terrance Popowich, the 31-year-old Wunderkind of the Toronto Stock Exchange, has been forced to resign his post as vice-president after the discovery of a London School of Economics MSc degree in his curriculum vitae.

Fish tale Lady in fishmongers: "I want a haddock please. Assistant: "A Finnon madam?" Lady: "No, a hick 'un."

Vertical text on the right edge of the page, including "Allos" and "Third" and "should be".

Letters to the Editor

Allocation of public health care resources examined and compared

From Professor Geoffrey Wood. Sir, Recently in your columns - first by Michael Prowse (February 6) and subsequently in correspondence from readers - most useful proposals for reform of the National Health Service have been misunderstood and consequently misaligned.

across Britain, to where their operation was cheapest. This might occasionally happen. But the main result of introducing these markets would be that health regions would have to cost with reasonable accuracy their various procedures. This would have important benefits.

Without such information, sensible decisions cannot be taken - just as it would be impossible to make sensible decisions in a grocery shop which did not reveal prices, but simply presented a totally untempered bill on the customer's departure.

Further, if regions found that there were wide differences between them in the costs of oranges are eaten. What it would do would be to make known what was being given up in one area of treatment if some other were encouraged.

From Mr Stephan Schattmann. Sir, Health ministers have decided that only a substantial increase in the private sector can raise health care resources to the level of, say, France or Germany.

almost 30 per cent, to 35.8m; a further 20.5m had dependants' insurance. Thus about 56m people - 90 per cent of the resident population were protected by statutory health insurance.

The use of gross national product (GNP) figures is open to valid objections - for example, the problem of direct comparability of such data because of variations in price levels.

Table showing health care benefits per head of total population at 1980 prices and purchasing power parities. Columns: Country, 1975, 1980, 1983. Rows: Netherlands, Germany, France, Luxembourg, Belgium, UK, Ireland.

A few facts (all on the public record) ought to be known if there is to be an informed, dogmatic public discussion.

In 1978 (the last complete year of a labour government) there were 179 inhabitants per hospital bed (excluding psychiatric beds) in Great Britain against 101 in West Germany, 118 in Italy, 122 in France, and an estimated EC average of 130 (source: Eurostat).

These are the "European system of integrated social protection statistics (ESSPROSS)." The latest collection of data of social protection expenditure and receipts in EC member states, harmonised in accordance with this system, covers the period 1975-1983.

One salient fact emerges: the data show that both under Labour, and in 1983 under the Conservatives, not all EC countries were using substantially more resources than the UK.

Third world loans should be studied

From Mr Frank Blackaby. Sir, The loss reported by the Midland Bank prompts questions. Who were the people who authorised these extraordinary amounts?



Some rags could be preferable to riches

From Mr T. Hession-Brown. Sir, David Kynaston, writing about the formation of the FT (Weekend FT, February 6), surprised me. He referred to the FT, before it merged with the Financial News, as a "rag."

Spirits bear a double duty

From Mr E.A. Tucker. Sir, Your leader on the Institute for Fiscal Studies analysis of the effects of EC fiscal harmonisation (February 17) apparently endorses the startling view that reduction in alcohol taxes would lead to an increase in alcohol consumption of "as much as 40 per cent."

You cannot simply apply an economist's thinking to the matter. If a given amount is being spent on alcohol and the tax, excise duty, is reduced, the tax base will remain the same in gross terms, and thus consumption will rise.

Just another to add to the pile

From Mr Roger Browne. Sir, I showed my six year old daughter the two-page spread proclaiming your 100th birthday. Having the facsimile you published on February 12, I told her I had a copy of your first issue. She seemed unimpressed. "Are you not surprised that I have a paper from 100 years ago?" I asked. "No," she said, "you keep a lot of old papers in the pantry."

The Palestinian Arabs were then and still are being badly led

From Mr Ansel Barris. Sir, Edward Mortimer (February 16) is not alone in mourning the assassination of Said Hammami in London in January 1978. But he suffered the fate of every prominent Arab leader who has endeavoured, over the past 40 years, to cut the Gordian knot of Arab/Israeli relations.

At the end of the Second World War there were, particularly among the losers (the Palestinian Arabs were badly led, after all, by the Mufti of Jerusalem, a prominent supporter of Hitler), great population movements and displacements. In all instances - 5m displaced Sudeban and East Prussian Germans are a prime example - the unfortunate victims of war were accepted, accommodated and ultimately integrated with their kinsfolk.

Complex issues surround the proposed privatisation of electricity

From Mr George Yarrow. Sir, Colin Robertson and Allen Sykes (Letters, February 16) appear to have come to the rather surprising conclusion that, in the privatisation of electricity, there are no regulatory options other than either wholehearted adoption of the US system or the "largely arbitrary and grossly inadequate" system implemented in telecommunications and gas.

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First, much could be done to increase competitive pressures in the industry by strengthening the provisions of the Energy Act 1983.

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From Mr Alex Henney. Sir, Perhaps unwittingly, Mr Andrew Cooper has introduced a light moment into the debate on breaking up the Central Electricity Generating Board (CEGB) for privatisation (Letters, February 15): he describes it as "trying to sell the thoroughbred horse one leg at a time."

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THE current best selling book in the US, and in Britain, is The Bonfire of the Vanities by Tom Wolfe. It is not about politics, which, in a narrow sense, is a pity because nobody else will now be able to use a title that so perfectly describes what a US presidential election is all about.



FOREIGN AFFAIRS

Looking for the right sort of vanity

To aspire to the presidency of the United States requires, above all, a certain vanity. Countless other qualities may be needed: mental and physical stamina, a pleasing persona, up until now being male, a talent for articulation and organisation, money in abundance, native cunning and ruthlessness, luck, even a coherent set of policies.

In other words, a would-be president needs the job for very personal reasons, not all of which can be achieved in office and some of which may be vouchsafed only at the end of a tenure. These motivations may differ. When he was about to leave office, Lyndon Johnson was asked what he would miss most. He pointed to the helicopter pad on the White House lawn.

Jurek Martin considers what qualities a successful US presidential candidate must have

Some who did make it to the White House clearly wanted it too much. Richard Nixon's overwhelming desire for admiration led him to connive in high crimes and misdemeanours; John Kennedy's self-conceits were, apparently, more harmlessly devoted to the bedroom.

There are those this year who apparently think that Mr Moudale had more of a point in 1974 than in 1984. It is just possible that Democrats Bill Bradley, Mario Cuomo and even Sam Nunn are hoping for a brokered convention; it is more likely they have concluded that the next presidency, saddled, as it will be, with manifold problems, is a poisoned chalice.

A photographer acquaintance followed both for weeks of the campaign and, when it was over, set up a slide show with hundreds of pictures of

each man on a split screen. The contrast was remarkable; the body language of Bradley, the athlete, was of a natural, physical warmth towards his audiences, while Bell, undoubtedly unconsciously, seemed to repel them. Bradley won the election comfortably.

The man who wants the presidency most this year, but who has the biggest "perception" problem, must be George Bush. In New Hampshire he donned the mantle of everyone from Abraham Lincoln to the Great American Truck Driver, but he won because of the enduring popularity in the state of President Reagan and because he implied Robert Dole would raise taxes.

Curiously, Mr Dole's perceived nastiness, demonstrated again last week, just as it was in his vice presidential run in 1976, might do him less harm in the long run than he seems to think. Anyway, America likes plain speaking in the manner of Harry Truman. Alexander Haig was blunt enough but disorienting his syntax was too much to ask.

Of course, it is not just American politicians who have vanity in abundance. Mrs Thatcher is not exactly devoid of the substance, while, across the Channel, Messrs Mitterrand and Chirac, are, in very different manifestations, giving it full rein. If Tom Wolfe would only write about politics, we need look no further for guidance.

Our investment philosophy as explained by Van Gogh's brother, Theo.



Van Gogh, throughout his short tortured life, was virtually ignored by the "best" critics of the day.

One of the few men who recognised his strange genius was Theo, an art dealer who constantly fought for his brother's cause. (Theo, incidentally showed astonishing foresight when he selected "Irises" as one of the two paintings to be shown at a major exhibition).

Recently, Van Gogh's "Irises" was sold for a record £30,000,000, while "Sunflowers" fetched a mere £22,000,000.

This story vividly illustrates our philosophy, which can best be described as "the principle of undiscovered value".

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C&W, Hutchison in joint deal with China

BY DAVID DODWELL IN HONG KONG AND DAVID THOMAS IN LONDON

CABLE and Wireless, the UK communications group, plans to move into the satellite television business through a joint venture with Hutchison Whampoa, the Hong Kong-based conglomerate and a banking division of the Chinese Government.

Hughes Corporation and is planned to be launched from a Chinese-manufactured Long March rocket. China has taken advantage of setbacks in the West's satellite programme to promote the use of its satellite launching capabilities for civilian purposes.

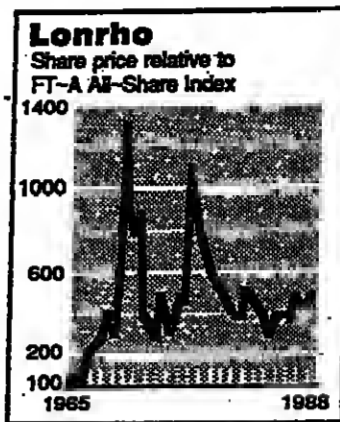
Kashing, are fierce adversaries. Hutchison, together with British Telecom, is competing against Hong Kong Telephone, 80 per cent owned by C&W, to provide cable television services in Hong Kong, a contract which is likely to be awarded by the autumn.

Letters have been further complicated by LI's recent stake in C&W. In 1983, LI insisted that the stake was no more than a long-term investment.

THE LEX COLUMN

Not just money at stake

There is a certain piquancy about the fact that the big London clearing banks can lose billions of dollars in lending to near-bankrupt Third World countries without anyone being reprimanded, and that board-room panic seems to set in when their fledgling investment banking and securities operations run into their first rough patch.



By comparison with the wild swings of the '80s and early '70s, the shares these days are positively sedate. They may have underperformed the market by nearly 20 per cent in the crash, but at 263p they have now recovered all of that in price—relative to the economic outlook, though, makes the group as tricky to value as ever.

The recent recent spate of embarrassing publicity and last December's emergency capital injection into County Natwest, the group's investment bank, has taken a heavy toll on the parent's reputation as one of the best managed international banks.

Things may well get better from here, yet the market is saying that it has no faith left and needs facts. The same may be true of potential bidders, who if they were prepared to buy blind, might end up with a rare bargain.

Vickers

More proof that its concern over the so-called wealth effect of the October crash—had become a bit of an obsession in some cases, it need look only to Vickers to provide it. All those tributes about the pervasiveness of share ownership in the US did not prevent the average American from spending well beyond his means at Christmas, nor deter his more up-market compatriot from boosting US unit sales of Vickers' Rolls-Royce Motors division by 5 per cent for the year.

President Lee Teng-hui has nonplussed Peking with the speed of his reforms, reports Bob King in Taipei

Taiwan on course to 'make up' with China

IN THE FEW weeks since the death of President Chiang Ching-kuo, the pace of Taiwan's political reform has quickened considerably. And while no one seems to know where the country is headed in terms of its relationship with China, most agree that détente, rather than confrontation, will mark that relationship in the future.



President Lee Teng-hui had said yesterday Taiwan may soon further ease its stance over visits to China by Taiwanese and allow direct trade and investment there after a policy review is undertaken in three months, Bob King reports.

Taiwan's decision to allow its citizens to visit China — such visits could have provoked charges of secession — has meant that tens of thousands of residents have been able to verify first-hand the differences in living conditions on the two sides of the Taiwan Straits.

President Lee Teng-hui, Mr Chiang's successor, has moved quickly to consolidate his position. In the process he has confirmed that the reforms begun under the late president will continue at speed.

Under the new guidelines, the older generation will be encouraged to retire with handsome pensions. The number of seats elected from among the Taiwan-born will increase so that within a few years Taiwan will essentially be governed by people with roots here.

The major question that lingers, of course, is what China will make of Taiwan's reforms and how Taiwan will tackle the sticky problem of cohabitation in a world that increasingly is divided into blocs.

Both Taipei and Peking claim sovereignty — a conundrum that continues to affect Taiwan's relations with the rest of the world, whatever its economic achievements. Taipei has in recent months made significant concessions in its position toward China, without, the authorities hope, seeming to back down from its claim to legitimacy.

It is clear that at some not-too-distant point, China will have to revise its Taiwan policy and come to terms with an altogether different entity from the one it thought it was dealing with all these years.

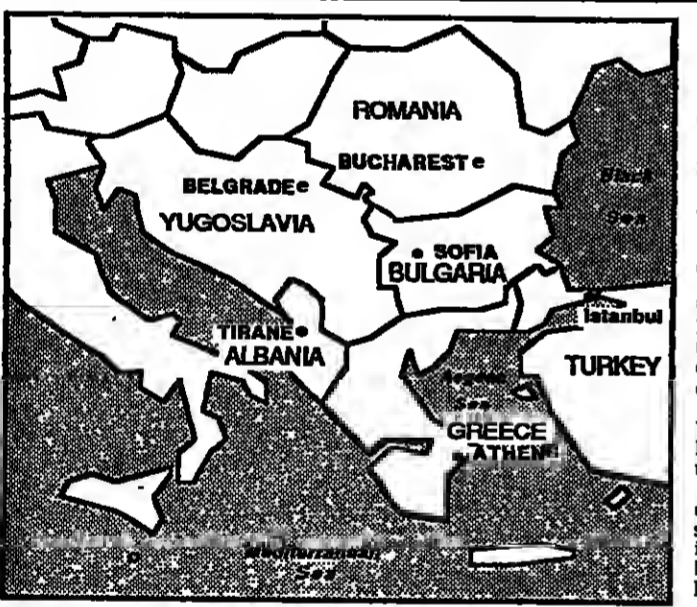
Balkan ministers in high-level talks

BY ALEKSANDAR LEBL IN BELGRADE

FOREIGN ministers of six Balkan countries gather in Belgrade today for the highest-level meeting since the peninsula was seceding the second world war.

According to Yugoslav officials, who have organised the talks, the purpose is to create a better climate in multilateral Balkan relations in the hope that this will help resolve bilateral disputes, many of them to do with ethnic minorities.

The Yugoslav Republic of Macedonia periodically infuriates Athens by asserting that there is a Macedonian Slav minority in northern Greece whose rights are not respected. Greece strongly denies the existence of such a minority.



Vassiliou set to endorse hard line on Cyprus

BY ANDRIANA IERODIACONOU IN NICOSIA

MR GEORGE Vassiliou, the newly-elected President of Cyprus, gave signs yesterday that he will continue his predecessor's hard-line policy on a settlement for the divided island republic.

Mr Vassiliou, a businessman who stood as a Communist-backed independent, was elected for a five-year term as President in a run-off poll on Sunday with 51.63 per cent of the vote despite being a newcomer to the political stage.

Mr Vassiliou also backed the second round by many Kyprianou voters and the small but equally hardline socialist party, Edeok, which polled about 9 per cent in the first round.

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World Weather

Table with columns for location, temperature, wind, and other weather data for various global locations.

Headway in Moscow

Continued from Page 1

"extremely important to make an early start" on the details of verification since this would be harder to achieve for strategic arms than for the treaty eliminating intermediate nuclear forces, signed at the Washington summit last December.

On space defences and the US Star Wars programme, the other major stumbling block to a strategic arms treaty, Mr Shultz said that "some misunderstandings" had been cleared.

On Afghanistan, Mr Shultz said he had every reason to expect that Moscow would adhere to its timetable of withdrawing its troops within 10 months of a peace agreement.

L.F. Rothschild taken over

Continued from Page 1

responsible for establishing it as a world leader in the highly specialised field of underwriting of high technology issues, were ousted.

Yesterday's financial statement showed that the fourth quarter loss of \$125.8m had reduced the company's net worth to \$48m by the year-end, compared with \$177m in September, 1987.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

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Les Echos publication halted over bid delay

BY PAUL BETTS IN PARIS AND RAYMOND SMOODY IN LONDON

PUBLICATION OF Les Echos, the French financial daily newspaper, was halted last night by its management in protest at the French Government's decision to delay a ruling on an \$88m (\$149.6m) cash and shares offer for the newspaper by Pearson, the UK information and industrial group which publishes the Financial Times.

The bid was first announced last month.

Last night the issue was developing into a major political confrontation as Mrs Jacqueline Beytout, the controlling owner of Les Echos, sharply criticised the government decision. She accused Mr Edouard Balladur, the Finance Minister, of "hiding behind legal arguments to try to justify a purely political decision."

Her statement, attacking the Government in such terms, was seen as unprecedented.

Journalists at Les Echos issued a statement backing the decision not to publish.

Mrs Beytout said Mr Balladur's statement confirmed his intention to block "in defiance of the law and by any means" the sale of Les Echos to Pearson while refusing to make his decision official before the French presidential elections.

Lord Skakenham, Pearson chairman, said he would be seeking legal advice.

"I regret Mr Balladur's decision to delay approval of the Pearson merger with Les Echos. His ruling appears to conflict with the provision in articles 52-56 of the Treaty of Rome. Pearson is an EC company. More than 70 per cent of Pearson's shares are owned by EC nationals."

Lord Skakenham welcomed Mrs Beytout's determination to pursue the matter and the confidence expressed in the Pearson management by the paper's journalists.

"The offer for Les Echos will be pursued," he said.

In a statement yesterday the Finance Ministry indicated that

it would not allow the transfer of ownership of Les Echos to Pearson to go ahead automatically and that the deal would have to be approved by the French treasury.

Acquisitions of French companies by European Community groups are normally automatic. However, the Ministry expressed reservations about the "durable" Community character of Pearson.

Officials said the Government was concerned over the 20.5 per cent stake in Pearson which is held by Mr Rupert Murdoch, the Australian-born media magnate, and the risk of a possible takeover of the UK group.

The French press laws of August 1986 prevent any foreign group which is not an EC member from acquiring directly or indirectly a stake of more than 20 per cent in a French press group.

Pearson said more than 70 per cent of its stock was held by EC shareholders.

Morgan Grenfell star resigns

BY DAVID BARCHARD IN LONDON

MR GEORGE MAGAN, head of corporate finance at Morgan Grenfell, the UK merchant bank, is leaving to set up a specialist corporate financial advice company.

Mr Magan, aged 42, was regarded as one of the main stars at Morgan Grenfell. Although his departure, announced yesterday, has taken place in a friendly atmosphere it represents a serious blow for the bank, which lost its other corporate finance star, Mr Roger Seelig, after the Guinness affair in January last year.

Mr Magan's departure seems to have been motivated primarily by the desire to move away from the increasingly sedate world of integrated securities houses and to recreate the more adventurous traditional role of merchant banking in a new setting.

The new firm will be known as Hambro Magan and will specialise in advice on mergers and acquisitions and management buyouts.

It has been formed by a three-way partnership of Mr Magan and two directors of the investment company J.O. Hambro and Co - Mr Rupert Hambro and Mr James Hambro, who broke away from Hambros Bank in 1986, with Mr Alton E. Irby, III. Mr Rupert Hambro is also a director of the insurance brokers Sedgwick Group and Mr Irby is a former director of the Sedgwick Group.

Hambro Magan will add a fourth strand to J.O. Hambro's existing lines of activity: direct investment and turnaround operations, corporate communications, and private client portfolio management.

No details of the ownership of the new firm were released

yesterday, other than that it was "well capitalized."

It will be based in Queen Anne's Gate, Westminster, London, alongside J.O. Hambro and Co and is expected to work closely with it.

It will concentrate on developing strong relationships with a limited number of clients. Apart from advising on mergers and acquisitions it will handle flotations and capital raising in the public and private markets and will be able to take stakes in transactions it initiates.

Morgan Grenfell has been given a commitment by Mr Magan that he will not take any members of its corporate finance department with him to the new firm.

However, his resignation was being compared yesterday with other departures of high fliers from securities houses to set up their own operations.

Cambridge likely to post sharp profits fall

By Philip Coggan in London

CAMBRIDGE Instrument, the UK scientific equipment company which was sold to the private sector by the National Enterprise Board in 1979, is likely to report more than halved pre-tax profits this year following problems in its semiconductor business and its US operations.

Yesterday's statement was the latest in a series of disappointing announcements by Cambridge.

The company rejoined the stock market last April after an absence of nearly 20 years.

Its shares dipped to 32p yesterday, before recovering to 40p, well behind the original 130p issue price.

The company is now capitalised at just £39m (\$66.3m), compared with £127m when it joined the market.

Dr Terry Gooding, the Welsh nuclear physicist who bought the company from the NEB and is now executive chairman, said yesterday that there was "no justification" for the share price to be at its current levels.

"The company has a sound balance sheet, a good business and excellent long-term prospects."

However, analysts were marking down their profits forecasts to £3m-£3.5m for the year to March, against \$7.7m last year and earlier estimates of \$10.8m for the current year.

Cambridge said yesterday that delays in semiconductor orders would affect profits and could mean that the full year figure would be little higher than the interim £2.7m.

When the company floated, it was unable to split out semiconductor profits but analysts estimate that the business will lose £2m this year.

James Buchan looks at the background to a US consumer products group's decline

A YEAR AGO the owners of Allegheny International, the once-proud Pittsburgh consumer products maker, suffered an offer of \$500m or \$24.80 a common share from First Boston to take the company private.

Holders of the company's preferred stock, including Drexel Burnham Lambert and Spear, Leeds & Kellogg, the big stock-exchange market maker, said the offer was not good enough and scotched it.

"They can't be too happy today," said Ms Katherine Suits, an analyst at the rival brokerage of Dean Witter Reynolds.

Since then, Allegheny has suffered a record loss of \$285m in just nine months and seen its stock fall to little more than \$3.

On Saturday, the company said it would seek a bankruptcy reorganisation which could severely dilute the holdings of its common and

preferred shareholders as new shares are issued in place of debt.

Saturday's filing under Chapter 11 of the Federal Bankruptcy Code is the last step in the company's downhill progress since a scandal over executive perks drove out Mr Robert Buckley, the company's chairman, in 1986.

But the real problem of the company, which started life as Allegheny Ludlum Steel in 1929, was the hornet's nest of debt taken on in 1981 to finance the \$543m purchase of Sunbeam, the household appliances maker.

Mr Oliver Travers, Mr Buckley's successor as chairman, won the admiration of his industry with his efforts to keep the company out of the hands of its creditors.

He sold off most of the company's industrial divisions, and even its famous Wilkinson Sword business, to cut the debt load and to focus the

company round Sunbeam, which is profitable.

Sales fell from more than \$2bn a year to just \$650m in the nine months to September.

Debt came down to just \$221m and the company was struggling to renegotiate the terms of its loans with 26 banks led by Mellon of Pittsburgh.

But it was no good. At the start of this month, Allegheny said it desperately needed \$75m in working capital to carry it over a seasonal crunch in one of Sunbeam's businesses, Almet/Lawnlite, which makes garden furniture.

The company has to ship the furniture to dealers but receives no payment until the summer.

However, the Chapter 11 filing probably does not spell disaster for Allegheny. Although the group as a whole has a deficit of tangle-

ble net worth of \$110m, Allegheny has filed separate plans of reorganisation for Sunbeam and Almet/Lawnlite, which it believes enjoy net worth of a some \$400m.

"Sunbeam is very healthy," Mr Travers said. Both companies intended to repay their creditors in full.

The Chapter 11 filing has also opened the way for a new loan of \$175m for Sunbeam from Chemical Bank and Marine Midland, who now become the preferred lenders in the event of liquidation.

The new funds will cover the working capital shortfall and provide a \$100m safety net.

"The main thing that has changed this week over last week is that they have \$175m more," said Ms Suits.

"Their situation is better, probably a lot better than last week."

South America sales increase helps Firestone

By Our Financial Staff

FIRESTONE TIRE & Rubber, the US tyre and plastic products group which is putting its tyre operation into a joint venture with Bridgestone of Japan, yesterday reported first-quarter earnings from continuing operations of \$28m or 87 cents a share, compared with \$20m or 52 cents a year ago.

The Chicago-based company said its first-quarter earnings were helped by improved margins and higher sales in its South American operations.

In addition, after-tax foreign currency gains of \$6m were \$5m above those for the year-ago quarter.

However, increased costs of raw materials led to lower profits from North American operations.

Sales for the latest quarter, which ended January 31, were \$976m, up from \$846m a year earlier.

Westinghouse expands

BY DAVID GOODHART IN BONN

WESTINGHOUSE ELECTRIC of the US, and AEG, the West German electrical group owned by Daimler Benz, yesterday confirmed their agreement to combine their transport businesses in a joint venture.

AEG will take 60 per cent of the company, to be called AEG-Westinghouse Transport systems. It will be based in West Berlin.

The venture will combine AEG's facilities in West Berlin,

Frankfurt and Bretten, in West Germany, and Los Angeles, with Westinghouse's operation in West Mifflin in the US. But the joint venture will maintain the two companies' transport activities under the existing management and employee organisations. Terms were not disclosed.

Westinghouse Transportation, with annual sales of about \$100m and 850 employees, has been seeking a joint venture for some time.

GM sells 51% holding in Venezuela unit

By Joseph Mann in Caracas


GENERAL MOTORS, the US car group, has agreed to sell 51 per cent of its motor vehicle assembly operations in Venezuela to local investors for an estimated \$13.8m (200m bolivars).

The buyer is the Mendoza Group, a diversified group of companies with investments in automobile assembly and distribution, banking, agriculture, cement and mining. The group is controlled by the Mendoza family, one of the country's wealthiest.

GM, which has operated in Venezuela for 40 years, is one of the country's largest foreign investors. In 1987 the American company was the market leader in motor vehicle sales for the eighth consecutive year.

It sold 38,042 units and obtained 34 per cent of the national market, in competition with Ford, Fiat, Renault, Toyota and Jeep.

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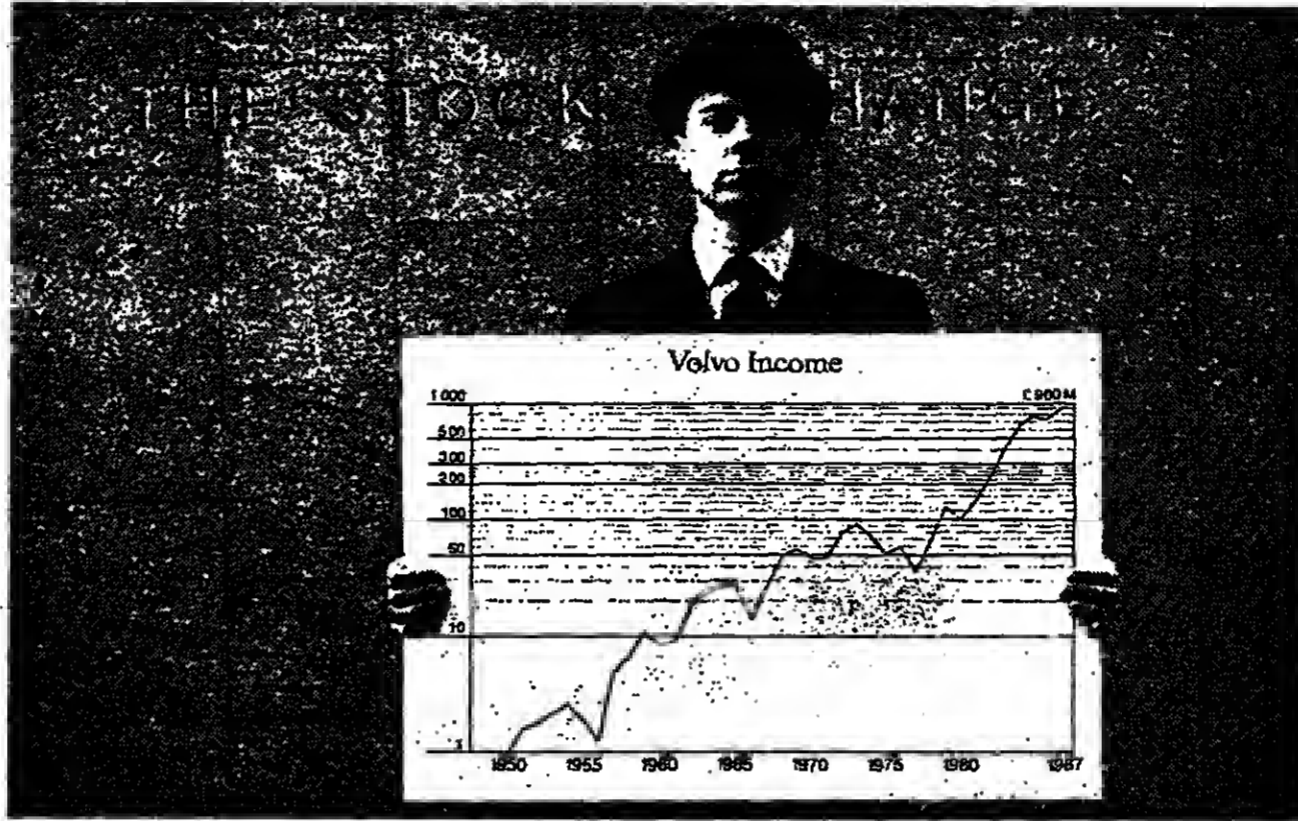
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INTL. COMPANIES AND FINANCE

Ansett to lift stake in NZ unit

BY OUR FINANCIAL STAFF

ANSETT Transport Industries, Australia's private domestic carrier, is to increase its half share in Ansett New Zealand, which began operating internal routes there last July and needs funds for expansion.

Mr Roger Douglas, the New Zealand Finance Minister, yesterday lifted shareholding restrictions on the airline in the face of protests from Air New Zealand, the state-controlled flag carrier.

This represents an about-face for the Government, which originally decided to restrict Ansett to a 51 per cent holding as a bargaining tool against the Australian authorities. Foreign airlines are not allowed to carry passengers on Australian domestic routes.

Ansett is itself owned jointly by Mr Rupert Murdoch's News Corporation and TNT, the Australian transport group. Ansett New Zealand has as its two other shareholders Sir Ron Brierley's Brierley Investments (BIL) with 27.5 per cent and Newmans with 11.5 per cent, the company which holds the remaining 22.5 per cent.

Both support the increased participation by Ansett, which has given the Wellington Gov-

ernment an undertaking that, in return for its latest clearance to acquire majority or even full control if it wished, it will return to the 50 per cent level if one or more suitable New Zealand parties wish to take up the balance in the next two years.

Mr Douglas said the cabinet had lifted shareholding restrictions on the airline to enable

Ansett New Zealand to enlarge its operational network and expand its fleet of aircraft.

In a joint statement with Mr Bill Jeffries, Civil Aviation Minister, he added that Ansett's willingness to invest additional equity funds - the size of these is yet unspecified - demonstrated its confidence in the long-term future of the New Zealand economy and the tour-

ism industry.

"As a result of the introduction of Ansett New Zealand there has been competition in domestic main trunk air travel for the first time ever. Competition has resulted in both Ansett and Air New Zealand offering better services to customers and lower air fares."

Air New Zealand yesterday issued a statement which described the decision as "almost unbelievable." It added: "The Government made it clear when it created this unique situation of 50 per cent of a New Zealand airline that it would withhold the second 50 per cent until New Zealand interests had access to the Australian market."

That bargaining leverage had now been given away while the substantial benefits of internal protection and cross-subsidisation, was being set free to attack another airline's much smaller home market.

Last week Air New Zealand reported flat net profits of NZ\$2.1m (US\$1.45m) for the first half to last September, the period which marked the arrival of Ansett New Zealand.

Rey buys control of Omnicorp

MR WERNER REY, the Swiss financier and industrialist, has acquired a controlling stake in Omnicorp Investments, a New Zealand travel company, writes John Wicks in Zurich.

Mr Rey intends the takeover primarily as a way to strengthen his activities in merchant banking, in which Omnicorp has also been active. The stake is being bought by his own Omni Holding, the similarity of whose name is coincidental. The purchase gives him a role in the British-based International Leisure

Group, which operates Air Europe and Intasas. Omnicorp is a minority partner in the group which took Mr Harry Goodman's ILG private last year.

Our Financial Staff adds: the stake of 54 per cent was sold by Chase Corporation, a New Zealand property and investment company, for NZ\$28.8m (US\$55.6m). Omnicorp expanded rapidly from 1986 but was hit by the stock market collapse last October and signalled in late January a halt to its international growth.

Saudi joint venture bank results vary

BY OUR FINANCIAL STAFF

SAUDI AMERICAN BANK (Samba), the 40 per cent-owned Riyadh affiliate of Citicorp, boosted net profits by 11 per cent last year to SR90.1m (S\$24m) from SR80.7m after trimming loan loss provisions to SR168.5m from SR180.3m.

In contrast, Saudi French Bank, the 40 per cent associate of Banque Indosuez, suffered a nearly one-third drop in net

profit to SR64.4m from SR94.9m. This was despite a 20 per cent increase in provisions of SR86.2m against SR148.0m.

The two banks, the remainder of whose shares are owned by Saudi nationals, have just been given approval by the Saudi Arabian Monetary Agency to double their share capital by drawing from retained earnings and other reserves.

Samba, which is the largest of Saudi Arabia's nine joint venture commercial banks, expanded strongly during the year - as reflected in year-end assets of SR19.7bn compared with SR15.3bn. Loans and advances grew by 25.3 per cent to just over SR5bn while deposits were 24.2 per cent higher at SR15.4bn.

However, shareholders' funds were given at SR1.4bn, down from SR1.5bn. The drop was attributed largely to a fall in retained earnings.

Samba also noted that the bank reduced expenditure by about 11 per cent. Operating expenses, mostly as a result of a reduced salary bill, dropped from SR412.6m to SR363.9m.

For Saudi French Bank, assets were nearly SR17bn in December compared with SR14.9bn.

Bid acceptances top 50% but ACI board fights on

BY BRUCE JACQUES IN SYDNEY

THE BOARD of ACI International, the Melbourne glass and packaging producer, is fighting on despite a declaration yesterday that bidders had more than 50 per cent of the company.

BTR Nylax, the quoted local offshoot of Britain's BTR, acting together with the privately-owned Pratt Group, won acceptance from key shareholders after lifting their offer for ACI on Friday to A\$1.6bn (US\$1.15bn) or A\$4.10 a share.

However Mr Brian Scott, ACI chairman, attacked as premature the acceptance of the bid by the AMP Society, the country's leading institutional and Westfield Capital Corporation, an investment company.

They held almost 14 per cent and 20 per cent respectively, and were thus instrumental in delivering the bidders their claimed 50.5 per cent.

Early acceptance marked a radical departure for the normally conservative AMP which is renowned for sitting bids out until the last possible moment. But Mr Ray Greensteins, the group's portfolio manager, said the society accepted the bid so that other shareholders would be guaranteed the higher offer. The AMP has shareholdings,

often approaching 20 per cent, in a number of leading Australian companies. Until now, it has been regarded as a passive, even friendly, shareholder. That may now have changed.

Terms of the bid, improved from the previous A\$4 a share, also now allow shareholders to keep ACI's proposed 8.5 cent a share interim dividend.

Mr Scott said the latest offer remains inadequate. "It does not fully reflect the value of ACI's strong balance sheet, commanding market position and outstanding growth prospects," he said.

Despite the premature acceptance by two major shareholders, the board will continue its efforts to achieve a higher price for ACI shareholders. ACI directors therefore recommend that shareholders do not accept the Pratt-BTR Nylax offer for their shares at this time.

There was speculation last night that ACI would resort to the courts, alleging an association or arrangement between the bidders and the accepting shareholders. But this would risk a flood of acceptances for the bid. ACI shares closed steady at A\$4 in light Sydney turnover yesterday.

Attributable loss at North Kalgurli

By Our Financial Staff

COMPANIES in Mr Alan Bond's Western Australian gold mining empire yesterday reported their operations are rationalised to create a "super pit".

North Kalgurli Mines more than doubled net operating profits in the 28 weeks to January 12 to A\$19.62m (US\$14.1m) compared with A\$8.20m. Revenues jumped to A\$55.6m from A\$40.4m.

The earnings came, however, before an extraordinary charge of A\$229.2m which left an attributable loss of A\$200.2m against A\$7.3m profits. The write-off was on goodwill and a possible reduction in mining tenement values.

Gold Mines of Kalgoorlie, its 51.5 per cent subsidiary made no such provision and emerged with net earnings slightly lower at A\$8.38m against A\$5.70m. Revenues rose to A\$11.6m from just under A\$9m.

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December 31, 1987

CITICORP INVESTMENT BANK

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Two further issues in Eurosterling sector

BY CLARE PEARSON

EARLY STRENGTH in the gilt market prompted General Motors Acceptance Corporation UK Finance and BP Capital to launch five-year Eurosterling bonds yesterday totalling \$160m.

The deals came against a background of steady Continental buying of shorter-dated Eurosterling paper which had led to a rise in yields.

An easing in the gilt market led both yesterday's issues to close at prices outside their total fees. Since they were both for well-known corporate names, however, they were expected to be absorbed easily by European investors.

BP Capital's £100m 9% per cent bond, and GMAC UK Finance's £50m deal, were launched on exactly the same terms although GMAC's deal has a six-year life, and short first coupon period.

At the close, both were bid at prices to give yield margins of 26 basis points over the comparable gilt - broadly in line with their initial spreads.

Amsterdam dealers snub Austria deal

DEALERS on the Amsterdam bourse boycotted a ¥ 250m Eurobond for Austria yesterday because of its Luxembourg listing reduced their income.

C.J. Schoe, a leading hoekman (floor specialist) firm handling Eurobonds, said talks were being held on the bond, led-managed by Credit Suisse First Boston/Nederland.

Mr Tyo van Marle, head of CSFB Nederland, said the Austrian bond was listed in Luxembourg because costs there were lower.

Many large Dutch institutional investors such as ABP, the civil service pension fund, are not allowed to invest in foreign-listed bonds.

FT INTERNATIONAL BOND SERVICE

Table with columns: Issuer, Amount, Bid, Offer, Yield, Change. Lists various international bonds.

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Haig Simonian reports on a plan to offer financial services Europe-wide American Express plays its German card

AMERICAN EXPRESS cardholders in West Germany will find more than their usual bills dropping through the letterbox this month.

They are to be going pigs for the new range of financial services the US conglomerate plans to introduce to all its 2m cardholders in Continental Europe in coming months.

If it succeeds, the scheme for a Europe-wide financial services network could be an early beneficiary of the European Community's plan for a free market in financial services in 1992.

More immediately, however, the experiment represents a small but significant threat to the hitherto cosy world of German retail deposit-taking banks.

The first stage, being launched this month, gives cardholders the chance not only to charge their purchases, but also to deposit money with American Express.

Under German law, that requires a banking licence. The options were to develop the existing American Express Bank, co-operate with a major German bank.

Low price set for Caisse Nationale privatisation

THE REGIONAL banks which make up Crédit Agricole, France's largest banking group, have been asked to pay FF7.7bn (\$1.21bn) to buy control of their central financial institution from the state.

Mr Edouard Balladur, the French Finance Minister - never a strong proponent of the "privatisation" or "nationalisation" of the Crédit Agricole.

Opponents of the sale have accused Mr François Gaudin, the Agriculture Minister and former leader of the powerful farmers' union, of pushing the operation through for political ends.

Although Crédit Agricole has moved away from its rural base to become France's largest consumer bank, with a quarter of all deposits and over a third of the home loan market, its future remains a sensitive matter for its powerful agricultural lobby.

Of its 14m customers, only 4.5m qualify as members of the regional co-operatives. Yet local boards are heavily dominated by representatives of the farming and food industries.

Besides the cultural gap which has sometimes appeared between the centre and the regional co-operatives, the bank has also experienced a growing financial conflict. The two poles have begun to compete against one another and the regional banks have accused the Caisse Centrale of making inroads into their business.

Credit rating agencies, meanwhile, have downgraded Crédit Agricole from AAA to AA, feeling that the removal of the state's guarantee from the Caisse Centrale, coupled with the cash drain on the regions created by the sale, diminishes the group's solidity.

unsuccessfully for years to establish a co-operative relationship with a domestic bank, whereby it would bring in the cardholders and the local bank would provide its distribution network, says Mr Aumüller.

Now the group has decided to go it alone. Cardholders are being invited to deposit money with Bankhaus American Express, the bank set up by the company following its purchase of a 90 per cent stake in Deutsche Transportbank in October 1986.

The bank, a little known institution with total assets at the time of DM2.2bn (\$152m), was founded by German heavy freight carriers largely to provide the industry with instalment loans.

It is now the flagship for the company's Continental European ambitions in financial services. "We're going to become a DM50m bank in the next three to four years," says Mr Richard Surface, the executive behind the project.

There seems to be plenty of demand for American Express's new product. Test marketing begun last September to over 600 cardholders brought in an average deposit of almost DM80,000 each.

Christiania Bank reduces staff by 64

CHRISTIANIA BANK, Norway's second largest banking group, is cutting staff by a total of 64 in London, Stockholm and New York as part of a continuing effort to cut costs.

In London, the staff has been reduced from 90 to 53, in Stockholm from 35 to 23, and in New York from 43 to 25.

Recommended by Spicer and Oppenheim, a UK-based firm of consultants, which also called for the bank to concentrate on "core businesses."

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are lower rates and with greater flexibility than German commercial banks.

Not surprisingly, the company is emphasizing the service and security associated with its familiar name almost as strongly as its competitive rates in marketing to potential German depositors.

It is also trying to exploit the trend towards less exclusive banking relationships. Some German retail finance houses like KKB (owned by Citibank) have succeeded partly because many customers prefer not to do all their banking business with one institution. When it comes to borrowing money in particular, many Germans go elsewhere.

American Express' product range will partly be tailored to each European market. While deposit products are likely to be of greatest interest in Germany, where there is over DM600bn in existing savings accounts and a high propensity to save, a scheme for UK cardholders is concentrating more on loans.

If the venture works, more services will come on stream. Possibilities include insurance - especially life insurance for higher-income cardholders - and mortgages and installment loans. In time, an ability to deal

in shares or invest in funds might also be developed.

Further variations could be foreign currency accounts, depending on cardholders' national banking regulations. And in Germany, there is the chance the venture could develop into a full-scale money market account, once the Bundesbank drops its present strong opposition to such accounts.

Mr Aumüller is cagey when it comes to how the bank intends to use depositors' cash. Instead, he stresses the savings Bankhaus American Express will have on the cost side to explain how it can offer such competitive rates.

Business will be done over the telephone, so the bank, which has about 60 employees at present, needs no branches. Staff numbers are likely to rise a little as business develops, but Mr Surface sees the biggest investment going into systems.

The scheme also has much lower acquisition costs than most alternatives, he claims. Potential customers - American Express cardholders - are already known to the company and therefore do not have to be expensively acquired. Marketing will be limited to mail shots and advertising in cardholders' magazines.

Moreover, the company has the great advantage of already having the records of its cardholders' credit history. Not only are potential bad risks to some extent sifted out by the card application process, but the company also knows their subsequent credit behaviour.

A comparison of costs for acquiring insurance business - which American Express would carry out through a joint venture with an established insurer - suggests that acquisition costs could be as low as DM400, and possibly even DM300 in time, against some DM4,000 when going through a conventional agent.

It remains to be seen how Germany's powerful commercial banks react to the new universal banking relationship, say Mr Aumüller, "or break into clients' primary banking relationship." The plan is to offer the consumer products which are of particular interest, "but without the bricks and mortar."

American Express is probably aware that to throw down too obvious a gauntlet would not be in its own interest. Likewise, the banks may choose to look the other way, in spite of some of their opening bluster. The number of cardholders is limited, and not all may take up the offer.

But should the scheme really take off and perceptibly begin to dent banks' deposits, or to receive such publicity as to draw attention to the banks' lower deposit rates, some may react. Discreet pressure, or more publicly, reviewing their willingness to market American Express travellers' cheques, are two obvious avenues.

Any threat to the lucrative travellers' cheque business would not go down well at American Express' TRS division, though executives say they are not worried and claim that bank customers often specifically request their cheques. It remains to be seen how the new scheme develops. But, in the short run at least, it could be in the interests of both American Express and Germany's biggest banks for Bankhaus American Express to remain a discreet success.



"We don't want to develop a universal banking relationship," says Mr Aumüller, "or break into clients' primary banking relationship."

The plan is to offer the consumer products which are of particular interest, "but without the bricks and mortar."

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UK COMPANY NEWS

Rolls Royce sales help lift Vickers profits 16%

BY DAVID WALLER



Sir David Plastow - "crash had little real impact"

STRONG DEMAND for Rolls Royce motor cars helped Vickers, the industrial group with interests ranging from baby incubators to luxury cars, achieve a 16 per cent rise in pre-tax profits to £62.6m for 1987.

With US sales amounting to £200m out of a total for the group of £790.1m last year, the declining dollar cut pre-tax profits by between £1m and £1.5m on translation into sterling.

Bunzl in £16m US expansion move

By Maggie Urry

Bunzl, the expanding paper and packaging group, has taken an option to buy 53 per cent of the shares in Seal, a US group, and has agreed to endeavour to make an offer for the rest of the shares.

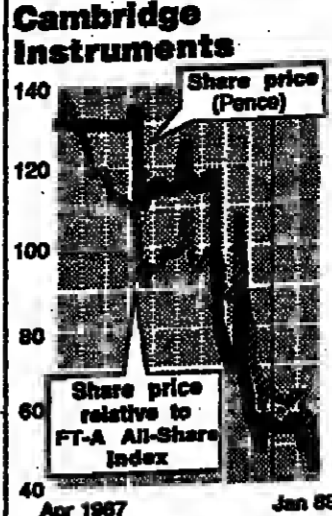
Philip Coggan on the latest setback for Cambridge Instrument

Struggling to repair City image

SAVED BY Labour's National Enterprise Board, sold in the first days of Thatcherism to a nuclear physicist turned entrepreneur, Cambridge Instrument is virtually a one company case study of the last 20 years of UK industrial policy.



Terry Gooding - no justification for current share price



Cambridge now has its work cut out to get back into the City's good books. Even in the heady days of last year's bull market, the company's offer-for-sale received a distinctly lukewarm response.

Until the float, Cambridge seemed to be in a new phase of its hundred-year history. Founded by Mr Horace Darwin, the naturalist's son, in 1861, the company was one of the pioneering developers of scanning electron microscopes.

in semiconductors. Orders are on the way, says Mr Gooding, but they may not make it into profits in the current financial year.

However, the market is distinguished by sympathy. The problems of the semiconductor industry were well known and at the time of the float, Cambridge was repeatedly asked to give an indication of its semiconductor profits.

There is no justification for the share price to be where it is at the moment, says Mr Gooding, who sees the poor performance of the shares as evidence of the City's short-term attitude.

Booker buys Danish seeds

BY NIKKI TAIT

Booker, the agriproducts, food and health products group, announced yesterday that it has acquired a controlling interest in Daehnfeldt, a leading Danish seed company, and is making a bid for the remaining shares.

every 100 "A" shares and Dkr 525 for every 100 "B" shares - terms which are being recommended by the Danish group's board.

business where sales topped £27.3m in 1987. Daehnfeldt's recent profits record has been unimpressive, with the pre-tax figure falling from Dkr 18.5m (£1.5m) in 1986/7 to a loss of Dkr 27m (£2.4m) in 1987/8.

Chancery Securities £1.95m purchase

BY ANDREW HILL

George H. Scholes, the electrical engineer which last year bought a £70m bid from Delta Group, is buying H. & L. Appleby, a family-owned manufacturer and distributor of electrical installation materials, for £9m in cash and shares.

Scholes on bid trail as profits jump

BY ANDREW HILL

George H. Scholes, the electrical engineer which last year bought a £70m bid from Delta Group, is buying H. & L. Appleby, a family-owned manufacturer and distributor of electrical installation materials, for £9m in cash and shares.

net profits by 10 per cent to £1.6m (£1.75m). Earnings per share increased by 20 per cent to 16.5p (13.7p) and an interim dividend of 5.5p (4.5p) has been declared.

with £280,000 cash, the issue of £7.5m of new Scholes loan stock took 278,333 new shares. A further payment of £250,000 depends on Appleby's profits.

expectations, and the company's first major purchase looks canny: Appleby's gross margins are nearly 50 per cent better than those of its new parent company - and the acquisition will help fulfil Scholes' aim of being able to buy a complete finished package to both domestic and industrial consumers.

Financing Enterprise advertisement for Royal Trust Bank and McNicholas Construction. Includes text about a great deal, service to customers, and a photograph of a construction site with a satellite dish.

Wates City in £40m property sale

By Heather Farmbrough

Wates City of London Properties yesterday announced that it had sold its interest in the 42,600 sq ft building at 56 Moorgate to Westdeutsche Landesbank Girozentrale for about \$20m.

Low & Bonar Canadian minority deal

BY HEATHER FARMBOUGH

Low & Bonar, packaging, plastics, textiles and electronics group, intends to repurchase the outstanding minority 32.5 per cent interest in Bonar Inc, its Canadian business.

The company raised C\$15m 3 1/2 years ago by floating one third of its equity in Canada. However, Mr Roland Jarvis, who became group chief executive after the sale, said that the two considerations were not comparable, since the Canadian business had doubled in size, and had raised additional capital.

"We realised we had a very good business in North America which it would make sense to reacquire," he said. "With the Canadian dollar relatively weak against the pound, it seemed the right time to do so."

Polly Peck in Spanish buy

BY HEATHER FARMBOUGH

Polly Peck International, the international trading and manufacturing company, is buying a Spanish citrus packing complex for Pta 150m (£760,000). Based in Valencia, the facility will be used to pack Spanish fruit for distribution within EC markets.

BOARD MEETINGS

Table listing board meetings for various companies including Alstom, British Airways, and others, with dates and times.

Coloroll Group PLC advertisement featuring a logo, financial details (£75,000,000 Multiple-Option Facility), and a list of banks and financial institutions involved in the offering.

Vertical text on the right edge of the page, including "AI & FIS" and "Do 011".

COMMODITIES AND AGRICULTURE

Banks' guarantee backs clearing reorganisation

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

A £100m guarantee for British, Australian and New Zealand clearing activities has been finalised as part of the internal reorganisation of the International Commodities Clearing House, which celebrated its centenary yesterday. The explicit guarantee, put up by ICCH's six shareholder banks although some of it has been covered by reinsurance, replaces the implicit backing previously provided by the banks - the main clearing house 20 per cent of ICCH and Standard Chartered and Royal Bank of Scotland each have 10 per cent.

Scots set up salmon board

By James Buxton in Edinburgh

SCOTLAND'S salmon farmers have established a marketing board to promote their product in the UK and overseas markets. The Scottish Salmon Farmers Marketing Board has been formed by the two organisations of salmon farmers in Scotland, the Scottish Salmon Growers' Association and the Shetland Salmon Farmers' Association. Between them they represent about 140 companies operating more than 300 farms throughout the Highlands and Islands of Scotland. They account for over 90 per cent of Scottish salmon production with a current annual turnover of £100m.

Stabilisers herald CAP reform

BY TIM DICKSON IN BRUSSELS

"THE SEVEN dwarfs" was how one European Community diplomat yesterday described the package of agricultural stabilisers finally adopted through yesterday by EC Foreign Ministers in Brussels. Notwithstanding France's threat to re-open negotiations in the days of the heads of government meeting in Brussels, that image may accurately reflect the general absence of controversy since the ill-fated Copenhagen Summit in December. But it unfairly belittles the importance of the changes in the long-term context of Common Agricultural Policy reform. The agreement covers seven farm sectors: MILK - The milk quota system, introduced in 1984, is increasingly seen in Brussels as one of the major successes of CAP reform. In 1986, for example, the dairy sector swallowed up around 30 per cent of the EC's total agricultural budget but latest projections suggest that this will be down to 23 per cent by the end of 1988.

WINE - This is one of the most complex agricultural regimes supported by the Community and opinion in Brussels is divided on whether the changes made by member states represent a toughening, or a watering down of the Commission's original proposal. What does seem certain is that the aim of establishing a link between "grubbing up" and compulsory distillation will pose a major challenge for those Commission officials charged with translating the principles into legal texts. The Brussels Summit, moreover, is unlikely to have had the last word on wine. With between 7m and 8m hectolitres of unwanted alcohol in storage and the high rates of productivity in Italy and Spain expected to add to existing output pressures, the wine-induced hangover for those managing the budget in future years promises to be painful. SUGAR - In spite of strong lobbying by the West Germans, the Commission's proposal for this stabiliser has emerged from the Council unscathed. The main objective is to ensure that the sector is self-financing on an annual basis. Thus there will be a supplementary levy, applied retrospectively, to ensure a member state's export proceeds from the

Pakistan harvests record cotton crop

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN achieved a record cotton crop of 8.5m bales (raw) in the 1987-88 season, government statistics show. This lays to rest earlier speculation that the country's crop would fall to 7.5m bales from 7.7m in 1986-87, and that it might not be able to fulfill its export contracts. The larger crop will help Pakistan to boost foreign exchange earnings in a year when the Government is trying to expand its exports for all major commodities. Cotton, along with cotton products, is the country's biggest foreign exchange earner.

Indonesia strives to keep pace with sugar demand

By John Murray Brown in Jakarta

INDONESIAN SUGAR officials will have taken more than a passing interest in the performance of Papua New Guinea's sugar industry in the last week. Like the rambly US rice star, Indonesia's sugar industry is also trying to boost soft drink sales in an effort to raise per capita sugar consumption, which is still well below the average for developing countries. Its first task, however, is to raise production to match the current consumption level and so to eliminate the need for expensive imports. According to Mr Karmanta Halim, head of planning at the Indonesian Sugar Council, the Government remains committed to sugar self-sufficiency. Planting acreage is being increased and old mills renovated. In addition tenders went out last year for investment in three new mills in the islands of Java. A local Chinese company has already agreed terms for one mill, a \$120m (870m) investment in South Sumatra, to process 100,000 tonnes of raw cane a year. It should be on stream by 1991. This year, however, the Government will again need to import sugar - about 120,000 tonnes it says - largely to off-

US MARKETS

COPPER FUTURES fell sharply as trade and commission house selling and long-liquidation depressed prices, reports Drexel Burnham Lambert. Precious metals firmed slightly in early trading, then eased as local and speculative liquidation touched off light commission house stops. Crude oil came under pressure from trade selling, especially in the April contract, and speculative liquidation in the March, local oil contracting was notable in the session. Product futures featured hard selling. Sugar closed mixed, held to a narrow range with producer price fix selling at the highs and trade support at the lows. Coffee continued firm on the back of the report indicating a lower-than-expected Brazilian crop, underlying roaster interest being countered by trade profit-taking. Cocoa firmed slightly in response to a weaker dollar, commercial (hedge) selling in cocoa futures kept the market under pressure despite speculative buying and higher cash prices. Bellies and hogs were lower against cash prices but held firm as cattle rallied back. Wheat derived support following reports that China had bought and that the USSR was looking to buy and despite Friday's suction.

Yields have actually declined over the past decade, because of low sowing content and transportation. Despite attractive labour costs the unit cost of Indonesian sugar remains one of the world's highest. The picture has not always been so grim. In the 1940s Indonesia was the world's second largest sugar exporter, after Cuba. The industry then employed 500,000 people, producing 3m tonnes of sugar every year. But production has slumped since then, mills have fallen into disrepair and the Government has had to rely heavily on imports. As recently as 1981 Bulog imported a record 768,000 tonnes, which at the time was about a third of Indonesia's total needs. Bulog has responded by actively supporting prices, to the support bill, and in a bid to match production with rising consumer demand. But its operating deficits, largely the result of stock build up, have grown steadily, sustained by off-budget state bank credits. Today Bulog still holds stock estimated at 900,000 tonnes. The World Bank has been equally critical of the Govern-

LONDON MARKETS

COPPER PRICES fell sharply yesterday, with cash metal adding a fall of £40 a tonne to last week's fall of £90 a tonne, closed at £172.50. The market recovered from earlier losses in afternoon trading on general short covering induced by the relative stability of prices in New York. Aluminium prices touched eight-year highs in morning trading in a continuation of overall bull trend, based on constructive fundamentals. But gains were pared later as nervous selling and liquidation developed when prices moved above those for copper. Nickel prices moved steadily lower in afternoon trading. However, traders said the bull trend remains intact, with any significant retracement expected to attract fresh consumer demand. Cocoa prices were unchanged in spite of the International Cocoa Organisation buying 5,000 tonnes for its buffer stock. The buffer stock now stands only 11,000 tonnes short of the maximum possible 250,000 tonnes.

Table with columns for Commodity, Price, Change, High/Low. Includes COCOA, COPPER, and various metals.

Table with columns for Commodity, Price, Change, High/Low. Includes LONDON METAL EXCHANGE and various metals.

Table with columns for Commodity, Price, Change, High/Low. Includes US MARKETS and various futures.

Table with columns for Commodity, Price, Change, High/Low. Includes Chicago and various futures.

SPOT MARKETS

Table with columns for Commodity, Price, Change. Includes Crude oil, Wheat, Rubber, and various agricultural products.

Table with columns for Commodity, Price, Change, High/Low. Includes LONDON METAL EXCHANGE and various metals.

Table with columns for Commodity, Price, Change, High/Low. Includes LONDON METAL EXCHANGE and various metals.

Table with columns for Commodity, Price, Change, High/Low. Includes New York and various futures.

Table with columns for Commodity, Price, Change, High/Low. Includes Chicago and various futures.

Arabic text at the bottom of the page, likely a signature or a note.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Chart based selling hits \$

THE DOLLAR fell quite sharply, as last week's attempts to break through resistance levels against the D-Mark and Japanese yen eventually succeeded.

against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index rose 0.2 to 74.5, compared with 72.6 six months ago.

On Bank of England figures the dollar's index fell to 95.0 from 95.4.

STERLING - Trading range

Table with columns: Feb 22, Latest, Previous Close. Rows for 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Feb 22, Previous. Rows for 10.00, 10.50, 11.00, 11.50, 12.00, 12.50, 13.00, 13.50, 14.00.

CURRENCY RATES

Table with columns: Feb 22, Bank of England, Morgan Guaranty. Rows for Sterling, US Dollar, Australian, etc.

OTHER CURRENCIES

Table with columns: Feb 22, C, S. Rows for Argentina, Australia, Brazil, etc.

MONEY MARKETS

London rates ease

INTEREST RATES eased on the London money market, encouraged by an optimistic CBI industrial trends survey and the strength of the pound on the foreign exchanges.

Before lunch the authorities bought \$1.3m bank bills in band 4 at 8 1/2 p.c. in the afternoon the Bank of England purchased another \$2.1m bills, by way of \$7m bank bills in band 3 at 3 1/2 p.c. and \$14m bank bills in band 4 at 6 1/2 p.c.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Unit, % change, Divergence %.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Feb 22, 1 month, 3 months, 6 months, 12 months.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Feb 22, 1 month, 3 months, 6 months, 12 months.

EURO-CURRENCY INTEREST RATES

Table with columns: Feb 22, 1 month, 3 months, 6 months, 12 months.

EXCHANGE CROSS RATES

Table with columns: Feb 22, E, S, DM, Yen, F.Fr., S.Fr., H.Fr., U.S., C.S., B.Fr.

FT LONDON INTERBANK FIXING

Table with columns: 6 months US Dollars, 12 months US Dollars.

FINANCIAL FUTURES

Long term gilts fall back

PRICES OF interest rate futures had a slightly weaker tone on the Life market in London yesterday.

There were no other factors, and no repeat of comments at the end of last week that the dollar would soon reach Y132, and possibly Y135.

LONDON

Table with columns: Feb 22, High, Low, Prev. Rows for 20-year, 10-year, 5-year.

CHICAGO

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bonds, U.S. Treasury Bills.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

NEW YORK

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NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

towards the close to touch 120-16 and finish at 120-19, compared with 121-03 on Friday.

There were no other factors, and no repeat of comments at the end of last week that the dollar would soon reach Y132, and possibly Y135.

CHICAGO

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bonds, U.S. Treasury Bills.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

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Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

at the top of the recent consolidation band. This suggests further gains towards 90.65/69 according to BZW, before further resistance is met at 90.74, where upward potential is limited.

There were no other factors, and no repeat of comments at the end of last week that the dollar would soon reach Y132, and possibly Y135.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

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NEW YORK

Table with columns: Feb 22, High, Low, Prev. Rows for U.S. Treasury Bills, U.S. Treasury Bonds.

In Good Company. Quality PROMOTIONAL GIFTS. Key Rings, Cuff Links, Enamel Badges, Paperweights, Medals.

MORE ABOUT COMMODITIES? The major and minor markets worldwide are covered in-depth: prices, news, reports, daily news, and weekly in The Public Ledger and Commodity Week.

CRB FUTURES CHART SERVICE. The world's oldest charting service covers all major US and London futures markets with over 250 charts.

WORLD VALUE OF THE POUND. The table below gives the latest available rates of exchange for the pound against various currencies on Monday, February 22, 1988.

TRADE INDEMNITY EXPORT FINANCE SERVICES. 01-739 9939.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and various dates (May 88, Aug 88, Nov 88). It lists various financial instruments and their corresponding values.

TOTAL VOLUME IN CONTRACTS: 19,759

BASE LENDING RATES

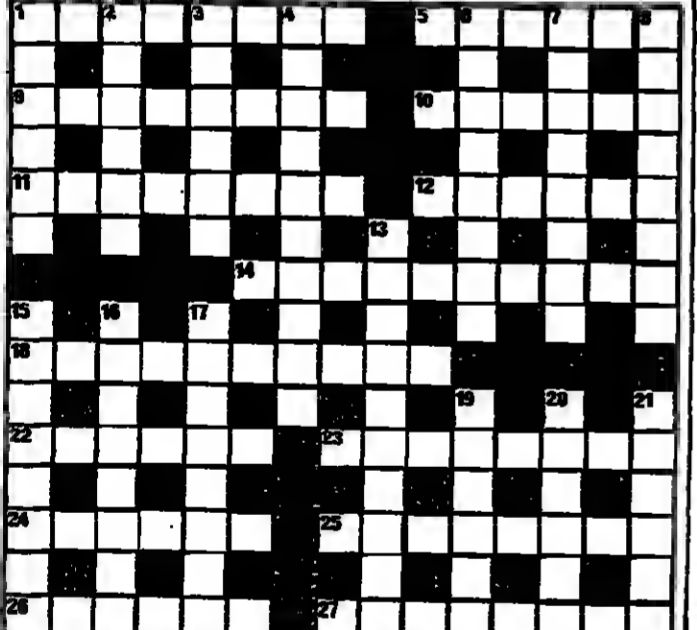
Table listing various banks and their base lending rates, including institutions like Citibank, HSBC, and others.

AUTHORISED UNIT TRUSTS

Large table listing numerous unit trusts, their managers, and other details. Columns include trust names, managers, and various financial metrics.

'Old Soldiers Never Die...' advertisement for the Queen's Benevolent Fund. Includes an illustration of a soldier and a woman, and text about donating to the fund.

FT CROSSWORD No. 6,563 SET BY PROTEUS



- ACROSS
1 Academic robes fellow put on (8)
2 When bird gets behind (5)
3 Implement bringing pirate to account (8)
4 Gilbert Harding's girl (6)
5 Place too much importance on number of deliveries in period (8)
6 Island where postman omits final collection? (6)
7 Songwriter who put liquor on cabbage (4,6)
8 Attractive head covering seen at village show (6,4)
9 He painted Scotsman on a horse (6)
10 Ordered to be specific (8)
11 Cooling drink for horse (6)
12 Vehicle-bearing (8)
13 Condition of one's possessions (6)
14 Representative of French ambassador (8)
15 Animal writer (6)
16 Law upheld over permit case (6)
17 Having second thoughts about this place for ball (6)
18 Mark of possession of personalised address (10)
19 Chairman's child having heart condition? (8)

Solution to Puzzle No. 6,563
REVERSE BAROQUE
E I T I E U Y
S A L O N T A T I V E
I D S U G S L S
D I S S E M B L E S E L A R
U T R U O
E N D U N D E R F O O T
E A T U E R
P O L A R B A R I A D E P O L
A L L I E
A D L I B C U M B R A N C E
S A O H A O G A
T E S T A M E N T A N T I C
E R S S O L
R E R E F O R R E T I N U I

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Unit Trusts

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Trust Name, Investment Objective, and other details. Includes sub-sections like 'INSURANCES' and 'LEGAL & GENERAL (Unit Trusts)'.

Scholar Acad Management Ltd. Unit Trusts

Trusts Unit Trust Managers Ltd. Unit Trusts

British National Finance Services Unit Trusts

Commercial Life Insurance Plc Unit Trusts

Equity Fund Managers Ltd. Unit Trusts

General Accident Life Assurance Co Ltd Unit Trusts

London & Manchester Group Unit Trusts

NEL Pension Life Assurance Co Ltd Unit Trusts

Scottish Life Investments Unit Trusts

Windsor Unit Trust Managers Ltd Unit Trusts

Windsor Fund Managers Ltd Unit Trusts

Windsor Unit Trust Managers Ltd Unit Trusts

Windsor Unit Trust Managers Ltd Unit Trusts

Windsor Unit Trust Managers Ltd Unit Trusts

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Windsor Unit Trust Managers Ltd Unit Trusts

Windsor Unit Trust Managers Ltd Unit Trusts

INSURANCES

Insurance company listings including AA Friendly Society, Abbey Life Assurance Co Ltd, and others.

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, organized by company name and listing details.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas unit trusts, including company names and key financial metrics.

Handwritten text at the bottom of the page, possibly a signature or note.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

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Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Manager, and other details.

BRITISH FUNDS

Table of British Funds, listing fund names, managers, and performance metrics.

BRITISH FUNDS - Contd

Table of British Funds - Contd, listing fund names, managers, and performance metrics.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options.

AMERICANS

Table of Americans, listing US-based investment funds.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION BONDS

Table of Corporation Bonds, listing corporate debt instruments.

COMMONWEALTH & AFRICAN BONDS

Table of Commonwealth and African Bonds, listing emerging market debt.

LOANS

Table of Loans, listing various lending products.

Public Board and Financial

Table of Public Board and Financial, listing public companies and financial data.

Money Market

Table of Money Market, listing interest rates and market activity.

Trust Funds

Table of Trust Funds, listing various trust investment vehicles.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing banking services and rates.

Money Market

Table of Money Market, listing interest rates and market activity.

Trust Funds

Table of Trust Funds, listing various trust investment vehicles.

Money Market

Table of Money Market, listing interest rates and market activity.

Trust Funds

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Table of Trust Funds, listing various trust investment vehicles.

Money Market

Table of Money Market, listing interest rates and market activity.

Trust Funds

Table of Trust Funds, listing various trust investment vehicles.

UNIT TRUST NOTES: Additional information regarding unit trusts and their performance.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and change. Includes companies like IBM, Microsoft, and Intel.

BUILDING, TIMBER, ROADS

Table listing stocks in the building, timber, and roads sector, including companies like Bovis Lend Lease and Bovis Lend Lease PLC.

DRAPERY AND STORES - Contd

Table listing stocks in the drapery and stores sector, including companies like Debenhams and Debenhams PLC.

ENGINEERING - Contd

Table listing stocks in the engineering sector, including companies like BAE Systems and BAE Systems PLC.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks, including companies like British Airways and British Airways PLC.

CANADIANS

Table listing Canadian stocks, including companies like Alcan and Alcan PLC.

BANKS, HP & LEASING

Table listing stocks in the banks, HP, and leasing sector, including companies like HSBC and HSBC PLC.

CHEMICALS, PLASTICS

Table listing stocks in the chemicals and plastics sector, including companies like ICI and ICI PLC.

ELECTRICALS

Table listing electrical stocks, including companies like British Telecom and British Telecom PLC.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks, including companies like British Airways and British Airways PLC.

BEERS, WINES & SPIRITS

Table listing stocks in the beer, wine, and spirits sector, including companies like Carlsberg and Carlsberg PLC.

DRAPERY AND STORES

Table listing stocks in the drapery and stores sector, including companies like Debenhams and Debenhams PLC.

FOOD, GROCERIES, ETC

Table listing stocks in the food, groceries, and other sectors, including companies like Asda and Asda PLC.

HOTELS AND CATERERS

Table listing stocks in the hotels and caterers sector, including companies like Whitbread and Whitbread PLC.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks, including companies like British Airways and British Airways PLC.

BUILDING, TIMBER, ROADS

Table listing stocks in the building, timber, and roads sector, including companies like Bovis Lend Lease and Bovis Lend Lease PLC.

ENGINEERING

Table listing engineering stocks, including companies like BAE Systems and BAE Systems PLC.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial stocks, including companies like British Airways and British Airways PLC.

INSURANCES

Table listing insurance stocks, including companies like Aviva and Aviva PLC.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial stocks, including companies like British Airways and British Airways PLC.

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Handwritten note: "10/1/10/10"

LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union, and others.

LEISURE

Table listing leisure-related companies such as Holiday Inns, Holiday Homes, and others.

MOTORS, AIRCRAFT TRADES

Table listing companies in the motor and aircraft trades, including Rover, Daimler-Benz, and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies like News International, Newsprint, and others.

PAPER, PRINTING, ADVERTISING

Table listing companies in the paper, printing, and advertising sectors.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of the paper, printing, and advertising companies table.

PROPERTY

Table listing real estate and property-related companies.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing companies in the shoes and leather industry.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES - Contd

Continuation of the textiles companies table.

TOBACCO

Table listing tobacco companies.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land companies table.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land companies table.

FINANCE, LAND, ETC

Table listing finance, land, and other related companies.

OIL AND GAS

Table listing oil and gas companies.

OIL AND GAS - Contd

Continuation of the oil and gas companies table.

OIL AND GAS - Contd

Continuation of the oil and gas companies table.

OVERSEAS TRADERS

Table listing overseas trading companies.

PLANTATIONS

Table listing plantation companies.

MINES

Table listing mining companies.

MINES - Contd

Continuation of the mining companies table.

MINES - Contd

Continuation of the mining companies table.

THIRD MARKET

Table listing companies traded on the third market.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

TRADITIONAL OPTIONS

Table listing traditional options.

INDUSTRIALS

Table listing industrial companies.

LONDON STOCK EXCHANGE

Turnover remains thin as equities open trading account with widespread gains

Account Dealing Dates table with columns for First Dealing, Last Dealing, and Account Day.

THE UK STOCK market, encouraged both by the latest business opinion survey by the Confederation of British Industry and by renewed demand from overseas for British Government bonds, moved up smartly yesterday, but remained unable to attract significant institutional interest.

In the bond market, two out of the three tranches announced on Friday were taken out as soon as they were formally offered to the market. While some foreign demand was present, traders commented that London securities houses also wanted stocks to cover bear positions created by selling to overseas clients last week.

Equities started the new trading account, the last full account before Budget Day, in good form, with the international leaders pushing ahead despite a strong pound. The FTSE 100 started at 1397.1, up from 1392.6 the previous day.

Yesterday's check in the bond market advance was largely technical, according to market traders. After all, the market took out \$300m plus of stock on top of two good buying days, commented one dealer at a large US bank.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Secs, Fixed Interest, Ord. Div. Yield, etc., with columns for Feb 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1987, and 1986.

Day's High 1398.5, Day's Low 1386.3, LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

around \$71m. At the close Vickers shares showed a net gain of 10 1/2 at 167 1/2. Grand Metropolitan, the drinks and hotels group, were effectively unchanged as the market expressed disappointment with the \$500m sale price for the 700 UK pubs. One or two market pundits thought the pubs could fetch \$130m.

Elise Circle, which last week failed in its bid for Birmid Qualeast, gained 10 to 430 1/2. The subject of an abortive "dawn raid" by an unnamed party. Rngly were bought in session with BCI and rose 9 to 24 1/2 while Redland attracted a turnover of some 1.8m shares and moved 7 to 40 1/2. Marley gained 8 to 15 1/2 with securities house Smith New Court reportedly keen buyers.

British Telecom edged up 3 to 243p on a turnover of 7.6m shares with buyers chasing the stock ahead of third quarter results scheduled for Thursday. Planners are forecasting \$550m pre-tax and \$275m after tax for the year.

Cambridge Instrument, suspended last week at 43p, were quoted at 34p after the announcement that profits for the year to end-March will be "very substantially" below last year's figure, but later rallied to close at 40p following the emergence of bid speculation.

among international stocks, the price rising a further 19 to 454p on a turnover of 3.2m shares; buyers continued to respond to latest reports that its anti-AIDS drug Retrovir could be more widely effective on AIDS sufferers, including those infected with the virus but showing no symptoms.

International conglomerates were given a mild boost by a favourable Warburg Securities review, BTB adding 4 to 260p, BET rising 4 to 246p and Hanson improving a couple of pence to 183p; Hanson's first-quarter figures are due tomorrow. Low and Bonus rose 8 to 228p on the proposed offer by the company for the outstanding 32.6 per cent minority of its Canadian packaging arm Bonar Inc. for C\$38.75m.

its forecast to \$7.0m. He also drew attention to the very attractive yield on the shares, which closed 10 higher at 185p. Seatchi & Seatchi led the way elsewhere in the sector, rising 13 to 423p while Lowe Howard-Spink spurted 12 to 363p and Gees Gees rallied 7 to 43p. A US report that Buzzi was ready to launch a bid for Seal Int., at \$12 a share made little impression on the former, which settled 4 up at 169p.

Properties, boosted recently by several bullish sector forecasts, took last week's hefty gains a stage further. Land Securities remained at the forefront, rising 13 more to 614p. MEPC gained a similar amount at 486p, while rises of around 8 were seen in Hammesrow, A&P, and Great Portland Estates, 304p. Greycoat rose 9 to 341p in response to Press comment, while Kentish Properties gained 9 to 114p following property sale news.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Monday February 22 1988, and various financial metrics like Index No., Day's Change, etc.

FIXED INTEREST

Table with columns for PRICE INDICES, Mon Feb 22, Day's Change, etc., and rows for British Government, 1-5 years, etc.

LONDON TRADED OPTIONS

Table with columns for CALLS, PUTS, and various stock options like Allied-Lyon, BCI, etc.

NEW HIGHS AND LOWS FOR 1987/88

Table with columns for NEW HIGHS (8), NEW LOWS (15), and various stock names like British Airways, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Volume '000s, and various major stocks like British Airways, etc.

RISES AND FALLS YESTERDAY

Table with columns for British Funds, Rises, Falls, Same, and various categories like Corporations, etc.

LONDON RECENT ISSUES

Table with columns for Issue Price, Amount, Latest, etc., and various stock issues.

FIXED INTEREST STOCKS

Table with columns for Issue Price, Amount, Latest, etc., and various fixed interest stocks.

RIGHTS OFFERS

Table with columns for Issue Price, Amount, Latest, etc., and various rights offers.

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WORLD STOCK MARKETS

Handwritten note: 10/11/10/10

Table with columns for country (USA, FRANCE, GERMANY, NETHERLANDS, SWEDEN, CANADA), date (February 22), and stock prices for various companies.

Table with columns for country (USA, FRANCE, GERMANY, NETHERLANDS, SWEDEN, CANADA), date (February 22), and stock prices for various companies.

Table with columns for country (USA, FRANCE, GERMANY, NETHERLANDS, SWEDEN, CANADA), date (February 22), and stock prices for various companies.

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Table with columns for country (USA, FRANCE, GERMANY, NETHERLANDS, SWEDEN, CANADA), date (February 22), and stock prices for various companies.

Advertisement for 'Have your E.T. hand delivered...' featuring 'FINANCIAL TIMES' and 'Helsinki & Espoo' with contact information.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, February 22

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'D D D', 'G G G', and 'K K K'.



NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 42' and 'Over-the-Counter'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 42' and 'Over-the-Counter'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 42' and 'Over-the-Counter'.

AMERICA

Stocks make strong gains despite dollar weakness

Wall Street

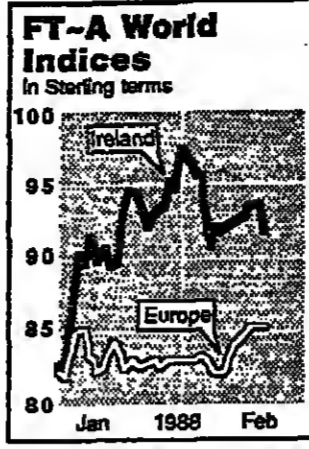
STOCK prices posted strong gains yesterday in moderately active trading, after overcoming a weak start to the session...

2% to 2.5% on rumours it was about to receive a takeover offer, possibly from a West German bank...

questioned Kodak guilty but the founder of the line of the damages will be the subject of court wrangling...

THERE WAS talk of the Prodigal Son's return yesterday as Guinness, so synonymous with Irish drinking habits...

A partial liberalisation of controls now means Irish investors can once again buy into Guinness, which is still considered a national institution...



awareness among the smaller companies of the advantages of the stock market as a source of capital for expansion and development...

fortably in elegant period rooms. The floor itself is more like a ballroom, lit by twinkling Waterford crystal chandeliers...

SOUTH AFRICA

A FIRMER financial rand dampened interest in Johannesburg gold shares, leaving them slightly easier despite a steady bullion price...

EUROPE

Frankfurt hits three-month high

STRONG gains on Wall Street on Friday helped boost shares around Europe yesterday, though profit-taking continued to hold back market rises...

INTERNATIONAL conglomerates were boosted by a favourable Warburg Securities review, with BTR rising 4% to 260p and BEP up 4% to 248p...

The FT-SE 100 index closed up 17.4 at 1,747.2 in very thin volume as the new trading account got underway...

day on a mixed note with the ANP-CBS index rising 0.7 to 229.7. KLM was the most actively traded...

ASIA

Nervous profit-taking trims gains

Tokyo

CONCERN over high prices trimmed some of the market's early gains but shares closed higher for the eighth consecutive day...

Power climbing Y300 to Y5,750 and Kansai Electric Power Y60 to Y2,860. Among financials, Nomura Securities added Y50 to Y3,770...

Stronger world sugar prices helped push CSR up 6 cents to A\$3.45 and Brambles added 4 cents to A\$2.24 before interim results due this week...

ket ended stronger as investors returned from the Lunar New Year holidays encouraged by gains in New York and Tokyo...

Properties and banks led the advance with Bank of East Asia rising 90 cents to HK\$20.30, Hang Seng Bank 50 cents to HK\$8.30 and Hongkong Bank 10 cents to HK\$7.05...

Properties and banks led the advance with Bank of East Asia rising 90 cents to HK\$20.30, Hang Seng Bank 50 cents to HK\$8.30 and Hongkong Bank 10 cents to HK\$7.05...

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Properties and banks led the advance with Bank of East Asia rising 90 cents to HK\$20.30, Hang Seng Bank 50 cents to HK\$8.30 and Hongkong Bank 10 cents to HK\$7.05...

Hong Kong

PROFIT-TAKING pulled shares off the day's highs but the market ended stronger as investors returned from the Lunar New Year holidays...

Singapore

THE START of the first week's trading in the Year of the Dragon brought out buyers in Singapore and volume picked up...

Australia

FIRMER bullion prices and Wall Street's stronger finish on Friday helped push shares up...

Canada

GOLDS, base metals and energy issues drove the market ahead in tandem with an advance on Wall Street...

London

row, gained 2p to 185p. The FT-SE 100 index closed up 17.4 at 1,747.2 in very thin volume...

FT - ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Monday February 22 1988, Friday February 19 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, and The World Index.

AEA Get the Facts from American Electronics Leaders High-Tech Financial Update Coming March 7-8. Portfolio managers, analysts and other investors with an interest in U.S. high technology have a unique opportunity to meet the senior management of over 60 public U.S. companies on March 7-8 at the London Hilton.

For further information call: W.J. Nott-Bower Telephone 01 480-8477. The following securities firms have joined with AEA in cohosting this important event: Alex. Brown & Sons Inc., Dean Witter Reynolds Inc., Drexel Burnham Lambert, Inc., The First Boston Corporation, Goldman Sachs, Hambrecht & Quist Incorporated, Kidder, Peabody & Co. Incorporated, Merrill Lynch Capital Markets, Montgomery Securities, Morgan Stanley & Co. Incorporated, PaineWebber Inc., Prudential-Bache Capital Funding Technology Group, Robertson, Colman & Stephens, L.F. Rothschild & Co. Incorporated, Sitomco Brothers Inc., J. Henry Schroder Wag & Co., Ltd., Shearson Lehman Hutton, Smith Barney, Harris Upham & Co., S.G. Warburg & Company Inc.

Advertisement for 'SUKANAT ALAHL' featuring a large graphic of a person's face and the text 'SUKANAT ALAHL' in a stylized font.